



2016
INTEGRATED
REPORT

**DRIVING CHANGE
CREATING VALUE**



His Highness

Sheikh Tamim Bin Hamad Al Thani

Emir of the State of Qatar



His Highness

Sheikh Hamad Bin Khalifa Al Thani

Father Emir

The background of the report cover is a night-time photograph of an industrial facility, likely an oil refinery or gas processing plant. The image shows a complex network of steel structures, including tall distillation columns and intricate piping systems. The entire facility is illuminated by numerous bright lights, creating a high-contrast scene against the dark night sky. Some lights are white, while others have a yellowish or orange tint. The perspective is looking up at the towering structures, emphasizing their scale and complexity.

QAPCO 2016 INTEGRATED REPORT

G4-31

Welcome to our third integrated report, where we brief about QAPCO's sustainability management and the creation of value across financial, social, and environmental aspects. In this report, we provide the context and profile of QAPCO, outline our corporate strategy, and underline value creation over time for both QAPCO and its stakeholders through our performance against our objectives and material aspects,

This report follows the guidelines provided by the International Integrated Reporting Council (IIRC), and is based on the Global Reporting Initiative (GRI) G4 Guidelines 'in accordance core' option. For further information on the GRI content index, please see the annex.

As we would like to explore new options and improve our reporting, your feedback is most welcome.

Contact us at sustainability@qapco.com.qa



CAUTIONARY STATEMENT

For the purposes of this report, Qatar Petrochemical Company (QAPCO) Q.S.C. and its subsidiary company Qatofin Company Limited, will be discussed together. Where relevant and available, separate performance figures will be provided.

This report contains certain “forward-looking statements” that express the way in which QAPCO intends to conduct its activities. Many of these statements are based on the plans and assessments of our executive management team, which are meant to add value to the report by giving our stakeholders a better overview of our collective impact.

We have made every effort to ensure the report is as accurate and truthful as possible, such statements are based on assumptions made using currently available

information that is subject to a range of uncertainties that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond QAPCO’s ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the ability to successfully integrate acquired businesses and achieve anticipated synergies.

The forward-looking statements contained in the following pages are therefore not promises or guarantees of future conduct or policy, and therefore QAPCO assumes no obligation to publicly update any statements made in this sustainability report and does not guarantee the appropriateness, accuracy, usefulness or any other matter whatsoever regarding this information.

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$2\text{Na} + \text{Cl}_2$

$\text{N}_2 + 3\text{H}_2 \rightarrow 2\text{NH}_3$

NaCl



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OAPCO

الشركة العربية
للمنتجات البترولية

OMAN PETROCHEMICAL COMPANY

CHAIRMAN'S MESSAGE

G4-1, G4-15



It is a pleasure to welcome you to QAPCO's 2016 Integrated Report. Through our third annual integrated report, we would like to highlight our holistic achievements and performance in 2016, under the theme of "Business Transformation" capturing QAPCO's decisive strategies.

In 2016 and looking forward, we have continued in the path of our visionary leadership by initiating a business transformation to unlock more potential. New opportunities and value have been created strengthening our local and global position.

Following Qatar's vision under the leadership of his highness Sheikh Tamim bin Hamad Al Thani, the Emir of the State of Qatar, QAPCO has been at the forefront in bringing the vision's goals to life by fostering the path of socioeconomic development and innovation.

Towards long-term sustainable growth, QAPCO has undertaken a set of measures and initiatives under Business Transformation to realize its carefully developed strategies, therefore, keeping pace with, and even staying a step ahead of the petrochemicals industry, which is marked by the global decline in oil prices.

The results of the implementation of strategies and projects have improved considerably the efficiency of our operations, therefore, reinforcing our position and competitiveness.

Mr. Mohamed Salem A A Al-Marri
Chairman

Towards long-term sustainable growth, QAPCO has undertaken a set of measures and initiatives under Business Transformation to realize its carefully developed strategies.

MD & CEO'S MESSAGE



We have already started to observe the benefits of QAPCO Full Potential and Business Transformation projects. It is pleasing to highlight that we have enhanced our productions and efficiency of our operations with expected savings and substantial annual improvements.

The 2016 achievements could not have been attained without full commitment to our vision, and assiduous work, particularly during the current global economic volatility.

The year under review has been characterized by falling oil prices, and increased competition. To respond and keep a step ahead, a re-thinking of our business strategies commenced, which focuses on industry consolidation and integration, as well as research and innovation. We have consequently developed a strong basis for our business to grow sustainably despite the challenges.

In 2016 and the coming years, we are witnessing more benefits after successfully establishing our award winning SAP system. We have also been continuously dedicated to the research, innovation, and the advancement of education particularly in science and engineering. Various sponsorships, partnerships and publications of academic work have been realized, thereby contributing to Qatar's vision and creating shared value.

Finally, we would like to express our appreciation for our stakeholders and partners, for their trust and continuous support.

Dr. Mohammed Yousef Al-Mulla
Managing Director & CEO

The 2016 achievements could not have been attained without full commitment to our vision, and assiduous work, particularly during the current global economic volatility.

BUSINESS TRANSFORMATION

G4-13

In today's "new economy", business transformation is even more essential. Despite challenging market conditions in 2016, QAPCO completed yet another year with strong performance, achieving historically high level of production and robust financial results. Launching both the QAPCO Full Potential (QFP) project and the Business Transformation project back in 2015 were the key to today's success.

QFP aims at elevating QAPCO to "Best-In-Class" levels and taking QAPCO's performance to industry first quartile in plant operations and cost efficiency. As a continuation of the QFP, the Business Transformation (BT) project is an organization-wide program to align our people, processes and technology initiatives more closely with our business strategy and vision. This will create a robust and resilient business plan and risk management to help us cope with a shift in the market environment. The BT is based on 8 pillars and spans from strategic studies and re-engineering of the business model.

Each year, the company seeks to celebrate our achievements, communicate the context we work in and encourage further engagement with our stakeholders through our Integrated Report. In addition to reviewing our performance landscape, every year our report has a special theme. This year we focus on 'Business Transformation'.

The QAPCO 2016 integrated report is divided into **three main sections**. Firstly, we give an overview of the

report, our profile, and the value we create through our business model. Later, the report introduces QAPCO's 2016 performance against the most material aspects, as identified in our materiality assessment. Furthermore, the content under this section is structured following our organization structure.

For example, the 'Sustaining our operations' section includes manufacturing, health, safety and environmental aspects which are managed by our Operations department. Similarly, the 'Supporting our business' section highlights performance related to human capital and procurement, aspects managed by the Business Support department.



BUSINESS TRANSFORMATION STRATEGY



Organizational structure

- Improve the reporting line and workforce planning
- Improve decision making model
- Explore outsourcing options



Best Practices Processes

- Adopting best practices in the petrochemicals industry
- Focus on strategic and operational aspects through a top-down approach



Enabling SAP Technology

- Implement a well-defined SAP modules to optimize processes for the use of employees

ORGANIZATION

- Implementation of new organizational structure (April 1, 2016)
- Trainings of talents and managers

PROCESSES AND PROCEDURES

- Adoption of processes from petrochemical industry best practices
- Update and publishing of all procedures for QAPCO Shared Services (QSS)

PERFORMANCE MANAGEMENT

- Development of corporate and department dashboards, KPIs and implementation of scorecards reviewed during management meetings

CHARGE-BACK MODEL

- An IT-supported model in which a requesting department gets billed for the use of shared infrastructure or service
- Review of model with shareholders and implementation (April 1, 2016)

TABLE OF FINANCIAL AND NON-FINANCIAL AUTHORITIES (TOFA)

- Benchmark and assessment of possible TOFA structures
- Enhancement and implementation of new TOFA (April 1, 2016)

SERVICE LEVEL AGREEMENTS (SLA)

- Review and adjustment, based on the new QSS, of SLAs: the levels of services expected from the service providers between QAPCO and joint ventures

JOB DESCRIPTION (JD) AND JOB EVALUATION (JE)

- Development of JD and associated behavioral and technical competencies
- Job evaluation of all JDs

SUPPORT TO ERP/SAP CHANGES

- Clarification and review of business requirements and process flows for SAP system
- Development and automation of KPIs and dashboards

ABOUT THIS REPORT

G4-3, G4-18, G4-20, G4-21, G4-28



We, Qatar Petrochemicals Company (QAPCO) Q.S.C, are the name behind progressive business thinking and sustainable high performance in the petrochemicals industry in the GCC region by producing high performance polyolefin and other chemicals. QAPCO's leadership has developed an integrated business strategy, thereby demonstrating full cognizance of the solutions to our economic and environmental challenges. We are pleased to share with you our 2016 integrated report, highlighting our business transformation, creation of value for Qatar and our stakeholders, and our performance in the year 2016.

This report is guided by both the International Integrated Reporting (IIR) Framework, and the Global Reporting Initiative's G4 Guidelines 'in accordance core' option. These guidelines are followed to inform both our sustainability practice, and how it is incorporated within

our business management to create value. Furthermore, following these international guidelines fosters comparability with other organizations' reports.

This report covers the sustainability performance for the period 1 January 2016 to 31 December 2016. For each of the topics discussed, we present the performance of QAPCO standalone unless stated otherwise. For the purposes of this report, we present relevant performance figures for only our majority owned venture, Qatofin, and rely on the majority venture partners to present performance for the remaining companies.

The performance of our contractors and associates is presented where relevant and available. Our relationship with stakeholders continues to evolve and impact the content and reporting boundaries.

BT

Throughout the report, an orange box denoted with BT will present a snippet of how "Business Transformation" (BT) is related to the topic treated in the page in question

G4-18, G4-24, G4-25, G4-26, G4-27






STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

For developing the contents of the 2016 integrated report, we first identified relevant topics that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit inclusion in this report.

This preliminary list of topics was gathered through a benchmarking analysis of both the previous year's material topics of QAPCO, and other peer companies. In addition, we also identified key stakeholders groups based on their on their influence and interest/

involvement in QAPCO. Engaging with stakeholders forms a vital part of our day-to-day activities and reporting procedures. We engage with our stakeholders in different ways and at different levels in the company. We align our engagement according to the culture and business of each stakeholder group.

Through our daily engagement, we captured our stakeholders' main sustainability interest and concerns and then translated the varied opinions into the list of relevant topics, (thirty five (35) in total), that merit inclusion in the 2016 integrated report. Examples of relevant topics are customer satisfaction, operational health and safety, compliance, waste management, etc.

| Name of stakeholder | Channels of engagement | Sustainability interest/concerns |
|--|--|---|
|  Government | <ul style="list-style-type: none"> • Meetings, conferences and collaborations • Publication of annual sustainability report • International affairs function | <ul style="list-style-type: none"> • QAPCO's contribution to the sustainability of Qatar's economy • Regulatory compliance |
|  Shareholders | <ul style="list-style-type: none"> • Quarterly meetings to generate mandatory government reports • Board meetings • Publication of annual sustainability report • Business updates | <ul style="list-style-type: none"> • Financial sustainability • Corporate governance • Reputation • Qatarization + Sustainability KPIs • Regulations • Sharing of knowledge + information |
|  Customers | <ul style="list-style-type: none"> • Customer satisfaction surveys • Marketing and media • Website • Publications • Participation at key industry events | <ul style="list-style-type: none"> • Pricing and supply of products • Product safety and security • Global citizenship • Product innovation • Cost optimizations |
|  Communities/academia | <ul style="list-style-type: none"> • Involvement in organized events • Employee volunteering • Sponsorships | <ul style="list-style-type: none"> • Support for community • R&D sponsorship and job creation • Impact on environment |
|  Sponsor and support events and conferences | <ul style="list-style-type: none"> • Attendance at events and conferences sponsorships • Publication of annual sustainability report | <ul style="list-style-type: none"> • Impact on environment • Provide support for long term community initiatives |

G4-18, G4-24, G4-26, G4-27

| Name of stakeholder | Channels of engagement | Sustainability interest/concerns |
|--|---|--|
|  Industry associations | <ul style="list-style-type: none"> • Committee meetings • Publication of annual sustainability report • Attendance at events and conferences | <ul style="list-style-type: none"> • Impact on environment • Support for local causes |
|  Employees | <ul style="list-style-type: none"> • Interviews • Intranet and newsletter • Employee survey • Team building exercises | <ul style="list-style-type: none"> • Employee rewards and benefits • Career growth • Employee retention • Talent acquisition |
|  Suppliers | <ul style="list-style-type: none"> • Procurement process • Site audits with Muntajat • Clarification meetings • Publication of annual sustainability report | <ul style="list-style-type: none"> • Quality of service and quality control |

After the list of relevant topics was set, an online survey was sent to a list of key external stakeholders, and key QAPCO representatives and employees to prioritize these thirty five (35) topics. The survey asked stakeholders to rank the topics from most to least relevant topics. Around 100 participants completed the survey and provided us with valuable information about the issues that are most influential to them.

With the survey results, we created a matrix where we plotted in the X-axis those topics that had significant impact or posed risks in the short or long terms to our business. Along the Y-axis, we added those topics that influenced on stakeholder assessment and decisions. All the relevant topics to internal (X) and external (Y) stakeholders were then prioritized and material aspects identified as the ones that are represented in the top-right quadrant of the materiality matrix (see top (10) aspects/topics in the 2016 Materiality Matrix).

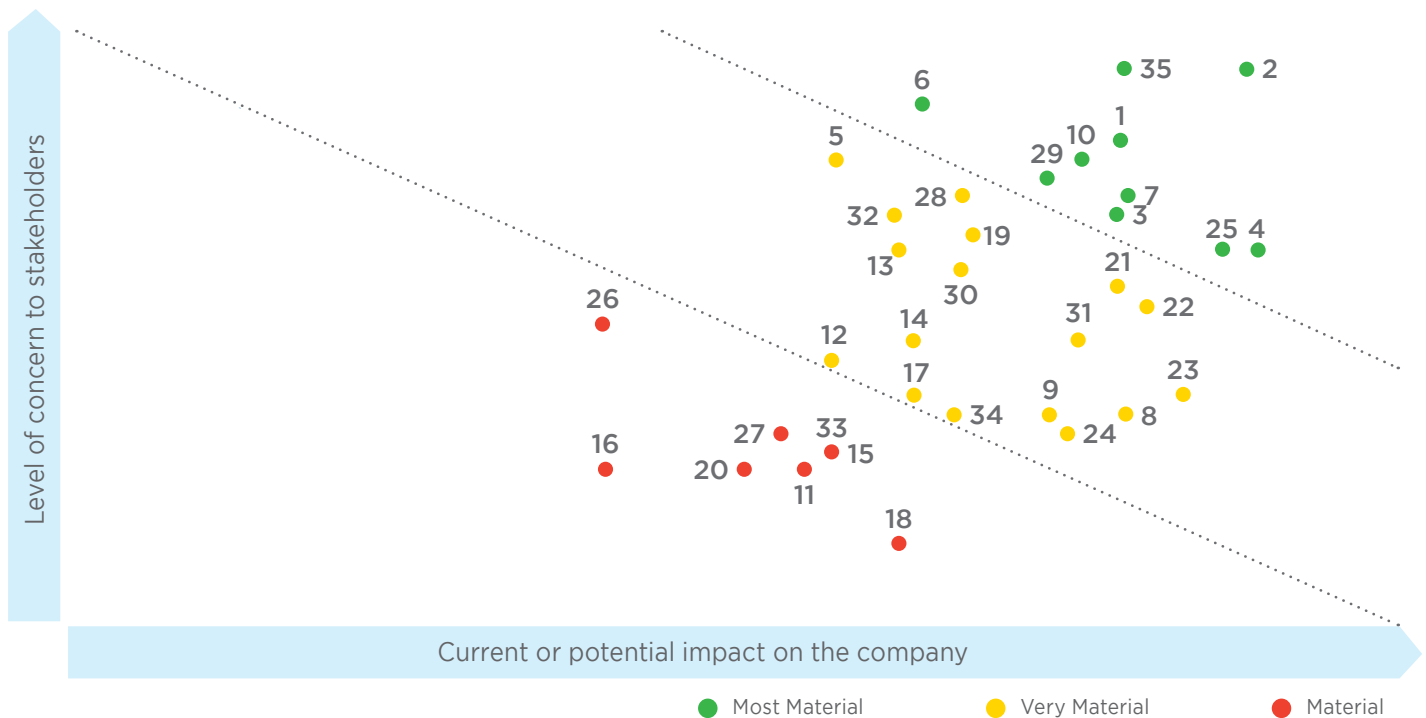
As part of our assessment, we noticed that two (2) aspects scored high among external stakeholders and low among QAPCO internal stakeholders. Also five (5) sustainability aspects were on the edge of being most material.

To provide a balanced, accurate and accessible assessment of our performance, we carried out a validation exercise online with QAPCO top management to allow a re-assessment of those aspects. Their final approval determined those sustainability aspects that will be included in this 2016 report.



G4-18, G4-19, G4-20, G4-21

2016 MATERIALITY MATRIX



LIST OF SUGGESTED TOPICS BASED ON ANALYSIS AND BENCHMARKING STUDY

| | | | |
|----|--|----|--|
| 1 | Employee well-being ● | 19 | Operational and supplier human rights assessment (policies and procedures) ● |
| 2 | Occupational health and safety ● | 20 | Public policy participation ● |
| 3 | Anti-corruption and bribery ● | 21 | Asset integrity and process safety ● |
| 4 | Regulatory compliance ● | 22 | Customer health & safety ● |
| 5 | Training, education and career development ● | 23 | Marketing communications, product & service labeling ● |
| 6 | Energy use and energy efficiency in QAPCO ● | 24 | Customer privacy ● |
| 7 | Financial performance ● | 25 | Customer satisfaction ● |
| 8 | Local hiring ● | 26 | Fossil fuel substitutes ● |
| 9 | Market presence ● | 27 | Materials ● |
| 10 | Emissions ● | 28 | Water use management in QAPCO operations ● |
| 11 | Biodiversity ● | 29 | Effluents & waste ● |
| 12 | Community engagement ● | 30 | Products, services & transport ● |
| 13 | Diversity, equal opportunity & non-discrimination ● | 31 | Overall environmental protection expenditure ● |
| 14 | Stakeholder grievance mechanisms ● | 32 | Supplier environmental assessment ● |
| 15 | Investment ● | 33 | Indirect economic impacts in communities ● |
| 16 | Freedom of association & collective bargaining ● | 34 | Procurement practices to support local suppliers ● |
| 17 | Abolition of child labor & forced/compulsory labor ● | 35 | Resource efficiency ● |
| 18 | Indigenous rights ● | | |



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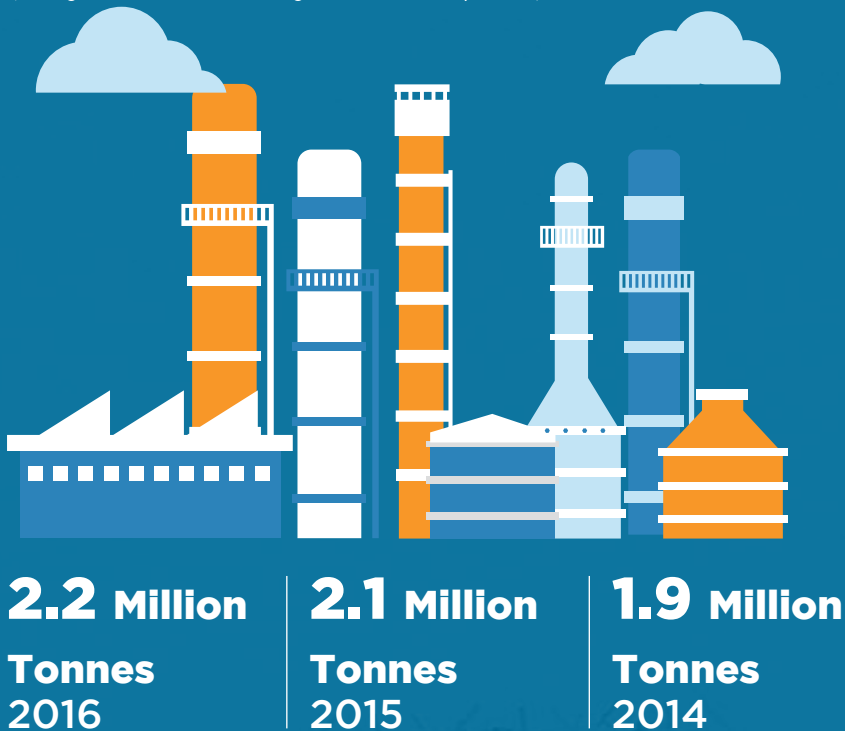




2016 HIGHLIGHTS & ACHIEVEMENTS

TOTAL PRODUCTION

(Polythelene + ethylene + sulphur)



19%
GHG
Reduction
since 2011



**MENA Region Gold
Winner in Cloud/
HANA Category**
by SAP Quality Awards



5th

**Annual
Qatarization
Crystal
Awards**



71%

**of total
purchases spent
on local goods
and services**

EMPLOYEE LOSS TIME INCIDENT



**21
Million
Hours**
2016

**19.7
Million
Hours**
2015

**17.5
Million
Hours**
2014



34%

Energy intensity
reduction
since 2011



57%

Flaring
reduction
since 2011



QAR
3.9 Billion
QAPCO Revenues



QAR
2.2
Billion Gross Profit



57
Community
Initiatives &
Programs

QAPCO PROFILE

G4-6, G4-7, G4-56

HISTORY

Qatar Petrochemical Company (QAPCO) Q.S.C., which was established in 1974, was the first petrochemical company in the Arabian Gulf, as a joint venture between QP and Chimie de France. QAPCO's shareholders are Industries Qatar (80%) and Total Petrochemicals France (20%). QAPCO has been producing ethylene, low-density polyethylene, and sulfur since 1981. In addition, QAPCO has invested directly and indirectly in four associated ventures that contribute to Qatar's downstream petrochemicals sector. QAPCO's reputation spans from its stakeholder's trust and QAPCO's innovation as a pioneer in polymer science in Qatar and its role as a catalyst for the development of Qatar's petrochemical sector.

OUR VALUES



People

The heart and soul of the organization is built on the dedication of our people and their commitment to exceed the expectations of our community and customers.



Safety

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



Integrity

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



Innovation

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



Stewardship

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

VISION

“Prosperity Through Innovation”

QAPCO envisages dynamic and sustainable growth targeting the prosperity and well-being of our employees, society and to contribute to Qatar's growing economy.

MISSION

“Excellence Through Sustainable Growth Driven By Innovation, Talent And Responsible Care”

QAPCO is determined to achieve its Vision through sustainable growth driven by innovation in processes, products, research and development achievable only through a developed, talented workforce while safeguarding health, safety, and the environment.

G4-4, G4-6, G4-7

JOINT VENTURES

Through its joint ventures and associated companies, QAPCO aims at developing and diversifying Qatar's downstream petrochemical market to achieve the state's sustainable development goals. This will stimulate new growth opportunities for revenue creation and employment; therefore, help Qatar realize its full potential in this industry.

QATOFIN: Qatofin was established in 2005 to optimize the utilization of ethane feedstock from Qatar thanks to the development of the country's natural gas resources. It is a joint venture between QAPCO (63%), Total Petrochemicals France (36%), and Qatar Petroleum (1%).

QVC: Qatar Vinyl Company (QVC) was established in 1997 as a limited Qatari shareholding company. The company's shareholders are Mesaieed

Petrochemical Holding Company (55.2%), Qatar Petrochemical Company (31.9%) and Qatar Petroleum (12.9%).

RLOC: Ras Laffan Olefins Company (RLOC) is a joint venture between Qatofin (46%), Q-Chem-II (53%) and Qatar Petroleum (1%). It owns a cracker that supplies Mesaieed LLPE unit with ethylene feedstock, and is managed and operated by Q-Chem II.

QPPC: Qatar Plastics Products Company (QPPC) was established in 1998 and started commercial production in 2000 of plastic film, used for industrial packaging such as fill form and seal and heavy dust bags. QPPC is equally shared between Qatar Petrochemical Company (QAPCO) Q.S.C, Qatar Industrial Manufacturing Company (QIMC) and Stefano Ferretti (Italian partner).

OUR PRODUCTS

WHAT DIFFERENTIATES US?

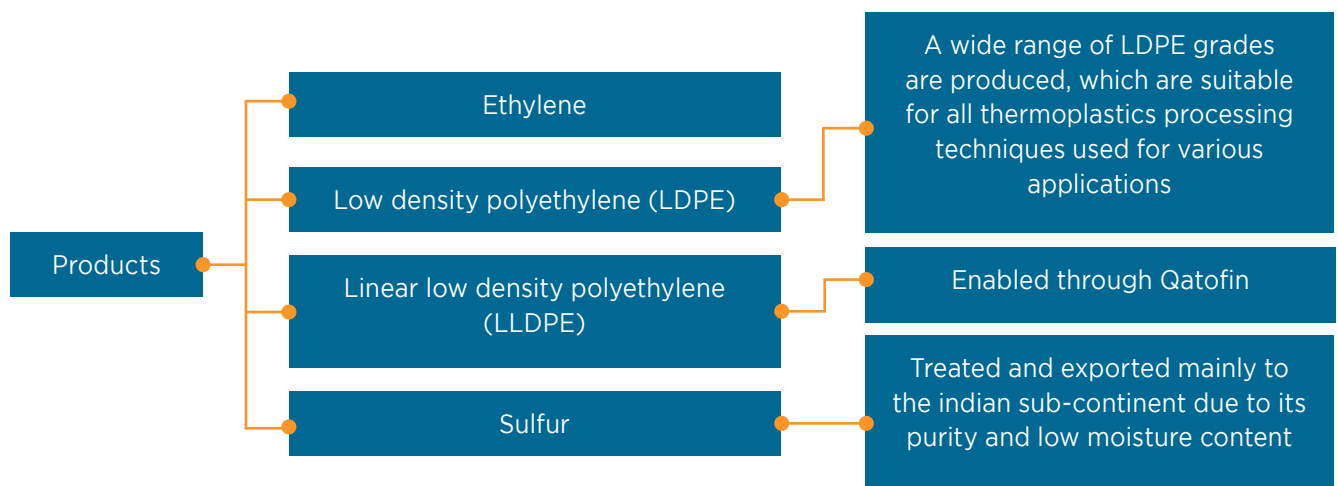
First in the GCC region to use ethane as a feedstock

Recognized quality and reliability of production

Unmatched commitment to safety & quality

CREATION OF VALUE

As the first company in the GCC to use ethane as a feedstock to produce ethylene, which is a basic building block of modern chemistry and central to the production of polyethylene, QAPCO laid down the ground for the petrochemical industry in the region. In addition to polyethylene, QAPCO extracts sulfur from processed streams, along with other neighboring companies (NGL and QP refinery)



Note: Ethane, a byproduct of resulting oil and gas extraction, used to be discarded as a waste gas.

GOVERNANCE

G4-14, G4-34

Transparency, accountability and responsibility are three values that drive and enable our corporate governance. As the highest governing body, the board of directors (BoD) leads our Company and are committed to upholding strong governance standards and representing the interest of QAPCO and its shareholders.

Our BoD is also responsible for guiding the strategic direction of the Company and its associated ventures. The Board is comprised of 10 individuals with diverse experience and credentials, selected for their acumen and ability to challenge and add value to management.

Board Committees (BoD)

(at December 2016)

Audit Committee

Governance Risk and Compliance Committee

Executive Operating Committee

HSE Committee

Tender Committee

HR & Qatarization Committee

Disciplinary Committee

IT Committee

Events, Club, Sports and Tender Committee

Board members bring a depth of experience across a wide variety of industries. Each director has held significant leadership positions, providing the Company with unique insights and fresh perspectives.

More information on QAPCO's corporate governance, including QAPCO's corporate governance guidelines, Board Committee charters and Code of Business Conduct, is available online at www.qapco.com/about/board-of-directors/



G4-14, G4-34

BOARD OF DIRECTORS (BoD)

(at December 2016)



Mr. Mohamed Salem Alyan Al-Marri
Chairman of the Board



Mr. Nabeel Mohammed Ali Al-Buenain
Vice Chairman



Dr. Mohammed Yousef Al-Mulla
Managing Director & CEO



Sheikh Faisal Fahad Al-Thani
Board Director



Sheikh Thani Thamer Al-Thani
Board Director



Mr. Ahmed Abdulla Hassan Al-Khaja
Board Director



Mr. Mohammed Jaber A Al Sulaiti
Board Director



Mr. Jean-Jacques Mosconi
Board Director



Mr. Philippe Legrand
Board Director



Mr. Jean-Marc Sohier
Alternate Board Director

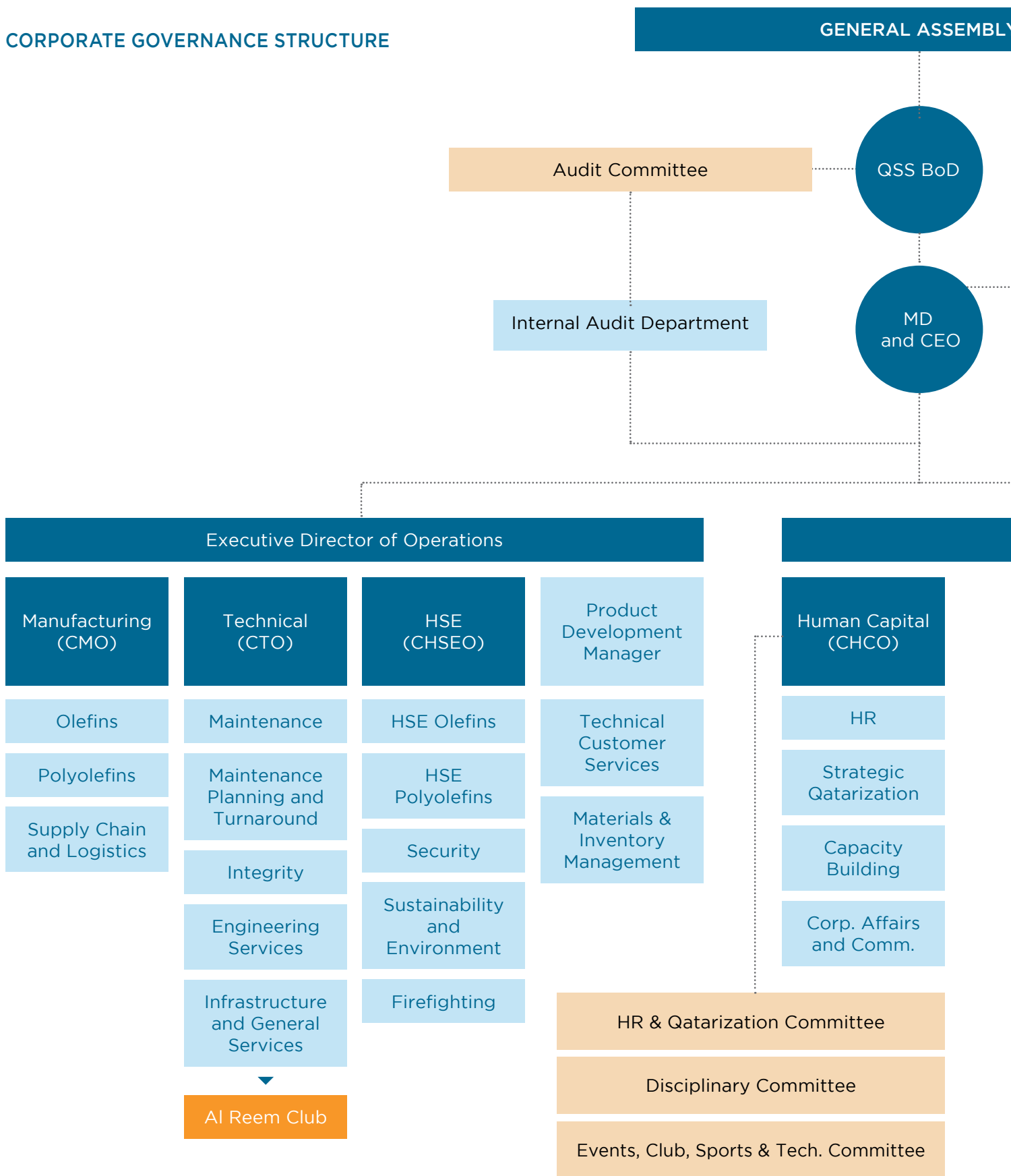
OUR STRUCTURE

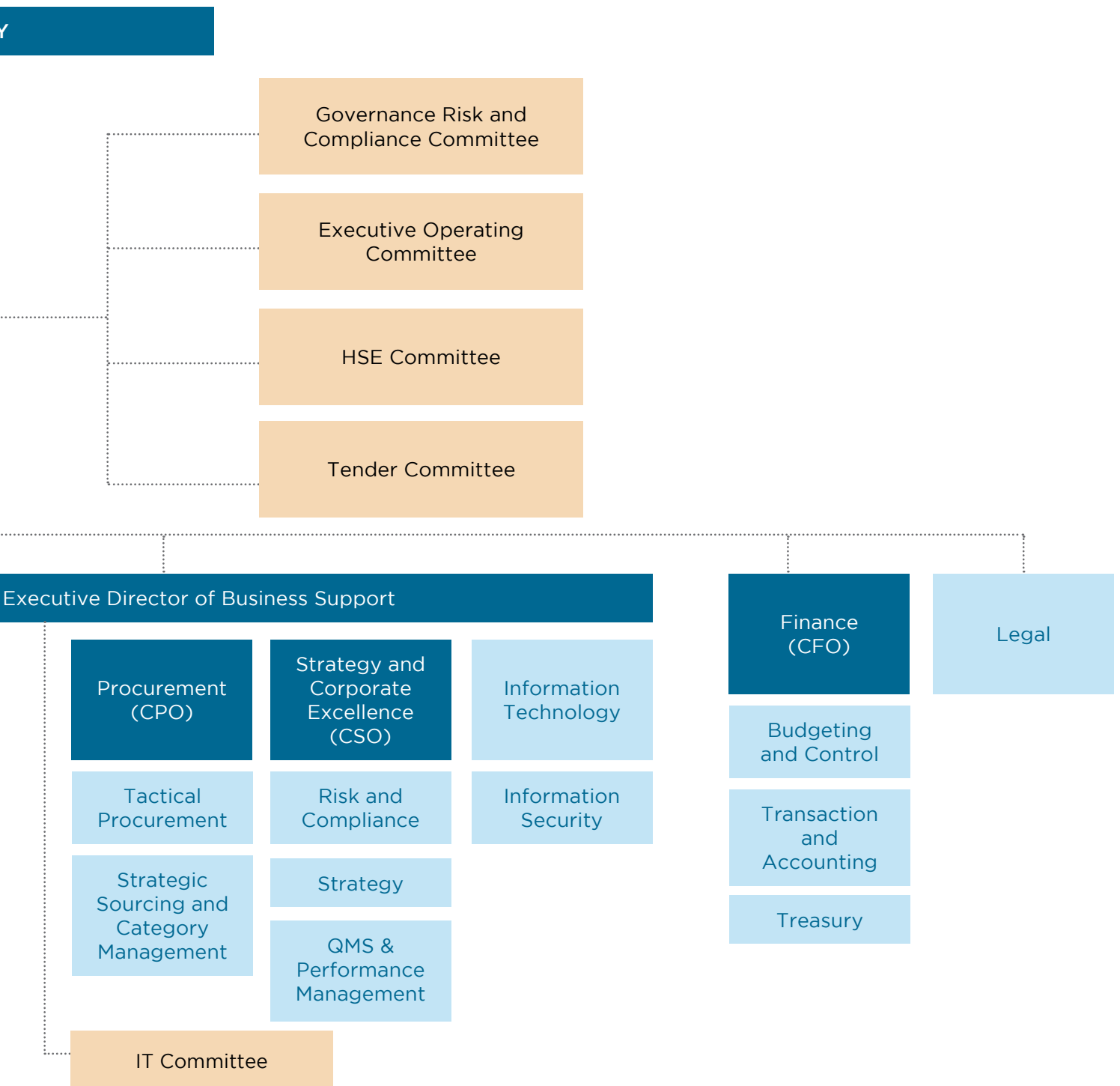
Our BoD is involved in the strategy and governance of QAPCO- conducting thorough reviews and challenging our performance. We exemplify good management with a chairman and vice-Chairman; directors with solid, diverse experience and credentials; corporate

governance guidelines; and codes of conduct and financial ethics. They are appointed by our primary shareholders, Industries Qatar and Total Petrochemical France based on relevant expertise and knowledge. The appointment of the Board members by the shareholders in accordance with Article 19 & 20 of Articles of Association.

G4-14 , G4-34

CORPORATE GOVERNANCE STRUCTURE





In collaboration with its shareholders, QAPCO has developed a charter for its Board of Directors, which outlines the basis for management of performance, risk, and operations.

The approved board charter includes a conflict of interest declaration to be signed by the board members annually. Additionally, employees including management are required to declare any conflicts of interest annually that are addressed through the conflict of interest committee, which issues annual reports pertaining to

conflict of interest investigations and actions taken. All the Board of Directors submitted their Declaration of Interest for the year 2016.

The Chairman of the Board is responsible for evaluating the performance of the board in collaboration with QAPCO shareholders. We refer to the Articles of Association and Board Charter with regards the Chairman responsibilities. The Chairman of the Board is responsible for reporting any case of conflict of interest by any of the Directors to the Shareholders.

G4-14

OUR RISK MANAGEMENT

The identification, assessment and management of risk is fundamental to how QAPCO conducts its business. It lies at the core of all our business activities and influences our strategy setting. Hence, in QAPCO everybody should be aware of the risks that they face in their daily activities and how the management of those risks contributes to the success of their department, their operations, and QAPCO as a whole.

Support for our risk management activities comes from the Strategy and Corporate Excellence which provides the risk governance, strategy and protocols, and which reports on a quarterly basis to the Governance, Risk and Compliance (GRC) Committee. The GRC Committee oversees the development and continual improvement of our dynamic risk management processes.



ENABLING TRANSFORMATION THROUGH RISK MANAGEMENT

Risk management has been critical to QAPCO's success and the need to develop effective, comprehensive and user-friendly processes was increasingly stressed in 2016 with the introduction of a dedicated Enterprise Risk Manager (ERM) in the Strategy and Corporate Excellence department. The ERM is responsible for establishing the Framework within which QAPCO manages its risk. The Framework includes the calibration of risk and processes to ensure consistency in risk language,

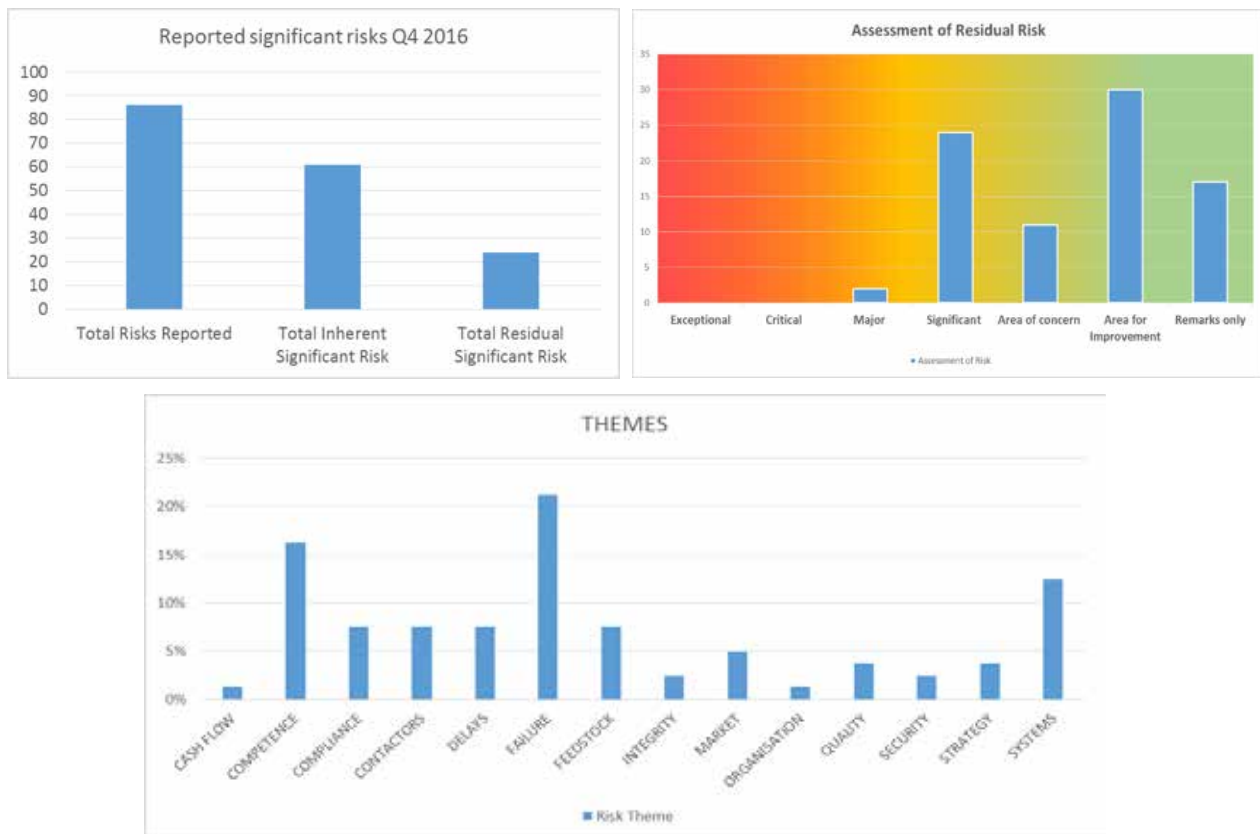
assessment and reporting. The ERM is a Standing Member of the GRC Committee and the Insurance Task Force.

QAPCO has strengthened the way it manages and reports risk by implementing a 'bowtie' system of recording causes, outcomes and impacts of events. Further planned improvements for 2017 include the integration of Enterprise Risk Management with Business Continuity Management to maintain a robust resilience model making QAPCO business safe, profitable and sustainable.

G4-14

RISK REPORT FOR END-2016

Below is an extract from the enterprise risk report presented to the Governance, Risk and Compliance Committee in Q4, 2016. It was the first time risk had been presented in this format, and it set the benchmark from where improvement efforts could be focussed throughout 2017.



KEY OUTCOMES

QAPCO is currently carrying 28% 'Significant' risk and 2% 'Major' risk; QAPCO does not consider that it is carrying any 'Critical' or 'Exceptional' risk for this reporting period.

QAPCO has been able to reduce 61% of inherently Significant Risk down to a lower level (risk appetite is TBD).

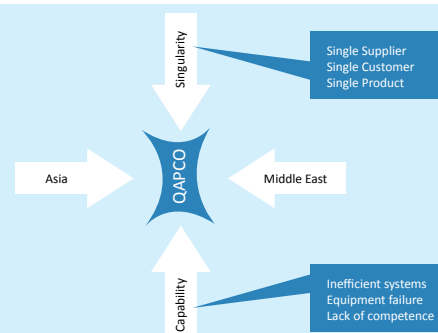
The most common themes arising from reported risks were; the risks associated with failure of equipment, competency of the workforce or inefficient systems.

The two residual 'Major' risks reported were;

- the impact of the combination of decreased sales revenue and Increased feedstock costs
- the limited maturity of the Innovation and Product Development function, leaving QAPCO with a limited product portfolio as competitors diversify

STRATEGIC RISK

A combination of the low oil price benefiting the naphtha-based producers and the growth of competitors' businesses in the Middle East puts pressure on QAPCO's market position. This is exacerbated by the restrictive commercial position of QAPCO, being sandwiched between Muntajat and QP as well as internal issues highlighted in the current risk report.



OUR EXTERNAL CONTEXT

In a world where events are rapidly overtaking us, our strategy becomes the art of continuously re-calibrating the key business objectives, aligning our tactical plans and adjusting our execution capabilities.

In 2016, we focused our efforts on building a strong strategic planning process, critical to translate our strategy into concrete short, medium and long term actions and hence to the success of our company operating in a volatile business environment. QAPCO is now better positioned to anticipate and manage regulatory, environmental, and social challenges, with the implementation of our new business plan, a robust risk management and key business objectives, and with the backing of a new streamlined corporate structure in place.





Oil prices:

Oil price falling below USD30 per barrel at the beginning of the year 2016, influencing QAPCO. It has firstly affected selling prices due to competition from other first world producers, therefore affected our sales. With low oil prices also, more opportunities are presented for non-natural-gas based petrochemicals producers, such as naphtha-based products, therefore, presenting more competition for our business.



Competitor's R&D capabilities:

Companies inaugurating new innovation centers to develop value added plastics and applications. These companies, finding themselves more technologically advanced, may exploit their strategic and reputational advantage and introduce image-based products to maintain their market lead.



Low cost US Gulf Coast production:

Growth in US production, spurred by its shale gas resources, could drive down prices and also hit operating margins.



Margin erosion due to overcapacity:

35 Million tonnes incremental ethylene capability between 2015 and 2020. Large amounts of capacity addition, coupled with more moderate economic growth in China and Asia-Pacific, will create margin erosion and a major chemical downcycle.



Robust polyethylene demand:

The buoyant construction industry is boosting domestic demand for certain polymers. A growing middle class and the concomitant growth of consumer sectors will have a knock effect on packaging material demand. Market appetite for HDPE and LLDPE in 2020 is equivalent to 1 new world scale plant every 2 months.

The operating context and external environmental calls for a re-thinking of QAPCO's business model and risk management, to identify issues that affect our ability to create value in the short, medium and long terms.



Competition in the Global Top 5:

Large amounts of gas for petrochemical production and petrochemical products ramps up exports in rival countries.

Stronger marketing and stakeholder relationship

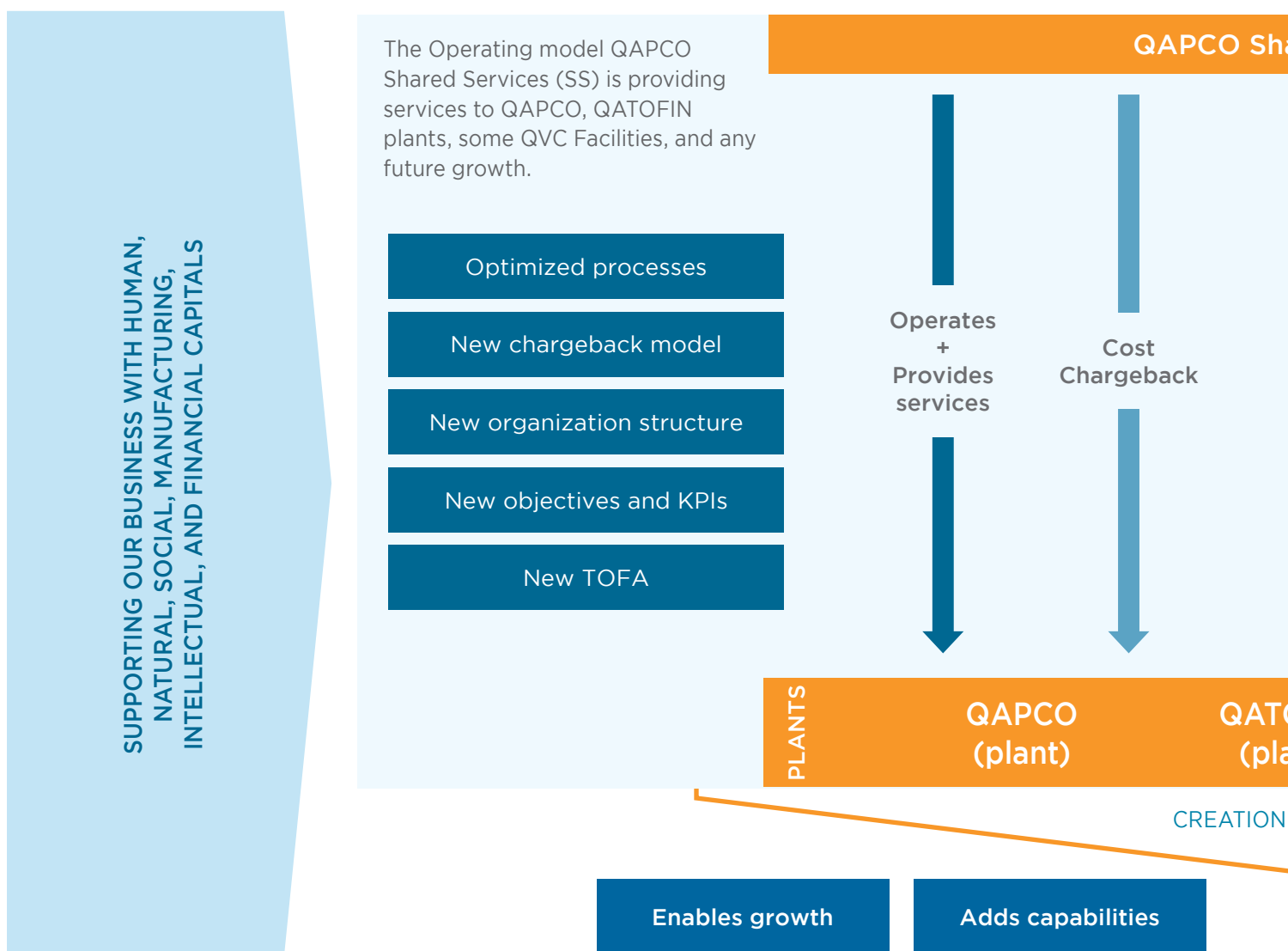
Research & innovation portfolio and added value

Consolidation of industry

Sustainable Growth

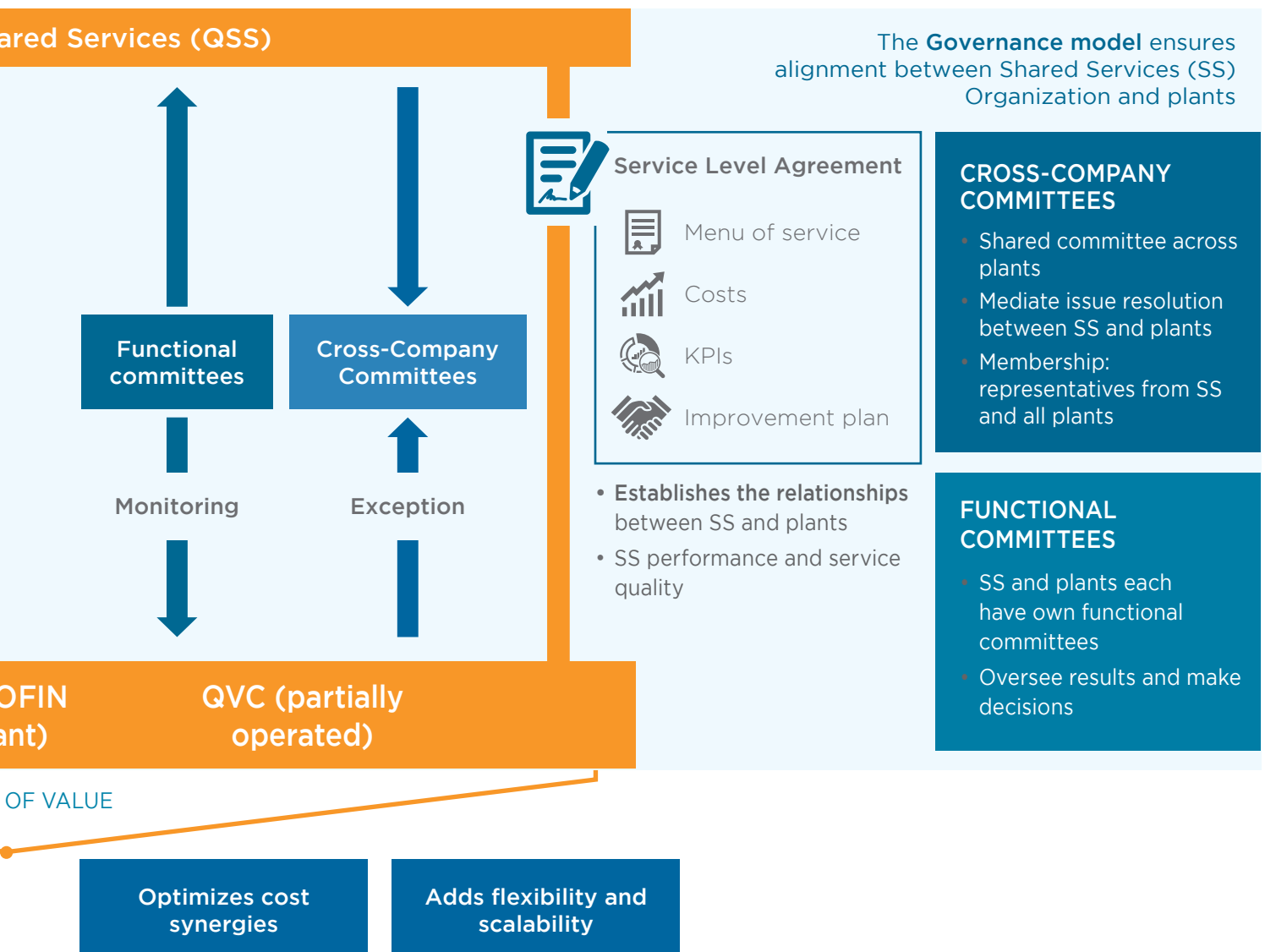
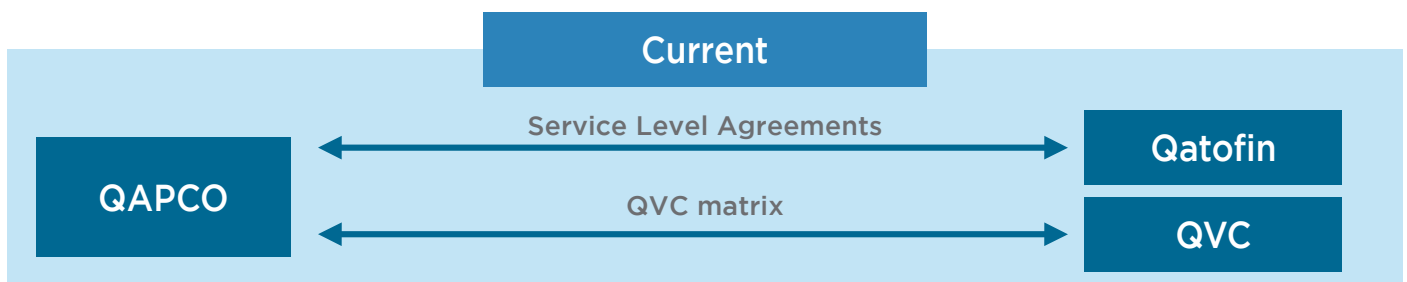
BUSINESS MODEL

Through our business transformation, we have optimized our business model transforming it from the current model, as depicted in the schematics, to new evolving and synergic operating and governance model.



BT

With the change of the business model to the QSS model, new processes and procedures , as well as SLAs have been signed off to enable this business transformation.



OUR STRATEGY AND CORPORATE EXCELLENCE

G4-9

Strategic planning sets an overall direction for the organization to enable the implementation of the business opportunities goals under the Business Transformation projects. Various strategies, developed under QAPCO's goal and vision and influenced by Qatar National Vision, QP and IQ directions, are organized under five different perspectives: innovation, customer, operations, sustainability, and finance.

Under the strategic objectives, various corporate and departmental KPIs with annual targets are defined by the Strategy and Corporate Excellence section, along with the concerned departments. The maturity and rigorousness of this planning process demonstrates the level of stakeholder engagement throughout the process, and QAPCO's commitment for continuous business process improvement.






Current business
and competitor
study

Sector
analysis:
aspirations /
constraints

Stakeholder
engagement

QAPCO
5-year
strategy

Strategic Objectives

| | | |
|----------------|--|---|
| CUSTOMER | Achieve superior customer service quality |  |
| | Increase productivity |  |
| OPERATIONS | Ensure high operational efficiency |  |
| | Identify, develop and generate talent in-house |  |
| SUSTAINABILITY | Improve HSE performance |  |
| | Improve CSR performance |  |
| FINANCIAL | Increase profitability |  |

G4-9

BT

The strategic objectives and KPIs have been developed to concretize the business transformation goals. The KPIs and scorecards have been automated in the new SAP system.



Sustaining our
operations



Supporting our
business



Growing our
economy



Achieved (within 10%)



Deviation

| Key Performance Indicators | 2016 | Target | |
|--|-----------|-----------|---|
| • Internal Customer Satisfaction Customer request resolution rate (%) | 73% | 80% | ● |
| • Production (in MT) | 2.23 | 2.09 | ● |
| • Product handling performance Total handling loss / total product stuffing | 0.009% | <0.02 | ● |
| • Number of purchase orders (processed per employee) | - | 11.9 | ● |
| • On job training completed against planned No. of on job training completed YTD / no. of on job training planned | 73% | 60% | ● |
| • Training needs fulfillment rate (%) | 73% | 60% | ● |
| • Qatari National Headcount Total no. of Qataris recruited YTD | 300 | 316 | ● |
| • Employee exposure hours without loss time (million hours) | 21 | | |
| • Total recordable case frequency: (Employees + Contractors) | 0.81 | 2.0 | ● |
| • Total social investment spending Amount spent for social investments in QAR (CSR initiatives) | 3,342,309 | 3,500,000 | |
| • OPEX consumption rate (%) Actual overall OPEX spend YTD / total annual overall OPEX budget | 123% | 100% | ● |



SUSTAINING OUR **OPERATIONS**

- 38 OUR MANUFACTURING AND LOGISTICS
- 48 OUR SAFETY PRACTICES
- 54 OUR ENVIRONMENTAL CULTURE



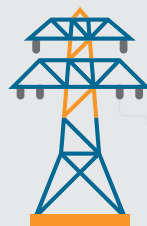


Sustainability is about doing business the right way, looking beyond profit, building relationships and trust with our communities, by embedding sustainability within our operations.

Yousef Abdulla Al Rabeeh
Executive Director - Operations



2.23
Million MT
Total Production
in 2016

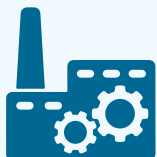


Operational
Efficiency adding
127 MWH
generation capacity

OUR MANUFACTURING AND LOGISTICS

HIGHLIGHTS

Since 2015



+6.2%
Total production



+9.89%
Polyethylene production



We utilize the associated and non-associated ethane gas from petroleum production, unlocking the potential of Qatar's hydrocarbon resources and paving the way for a robust and highly profitable petrochemical industry – creating a strong polymer value chain.

We create value for our stakeholders and the State of Qatar by transforming inputs into higher value outputs and outcomes, by:

- Applying a holistic and integrated management approach
- Recognizing and leveraging connections among the different levels of our operations
- Creating synergies and action plans for improvement

PERFORMANCE AGAINST TARGETS

| | 2015 | 2016 | Target | |
|--|-------|-------|--------|---|
| Customer | | | | |
| Internal Customer Satisfaction <i>Customer request resolution rate</i> | - | 73% | 80% | ● |
| Operations | | | | |
| Total Production <i>(in Million MT)</i> | 2.10 | 2.23 | 2.09 | ● |
| Product handling performance <i>Total handling loss / total product stuffing</i> | 0.011 | 0.009 | <0.02 | ● |
| Quality Rate (%) | 97.8% | 98.5% | 96.5% | ● |
| Ethylene Yield (%) | 74.7% | 74.6% | 73.5% | ● |

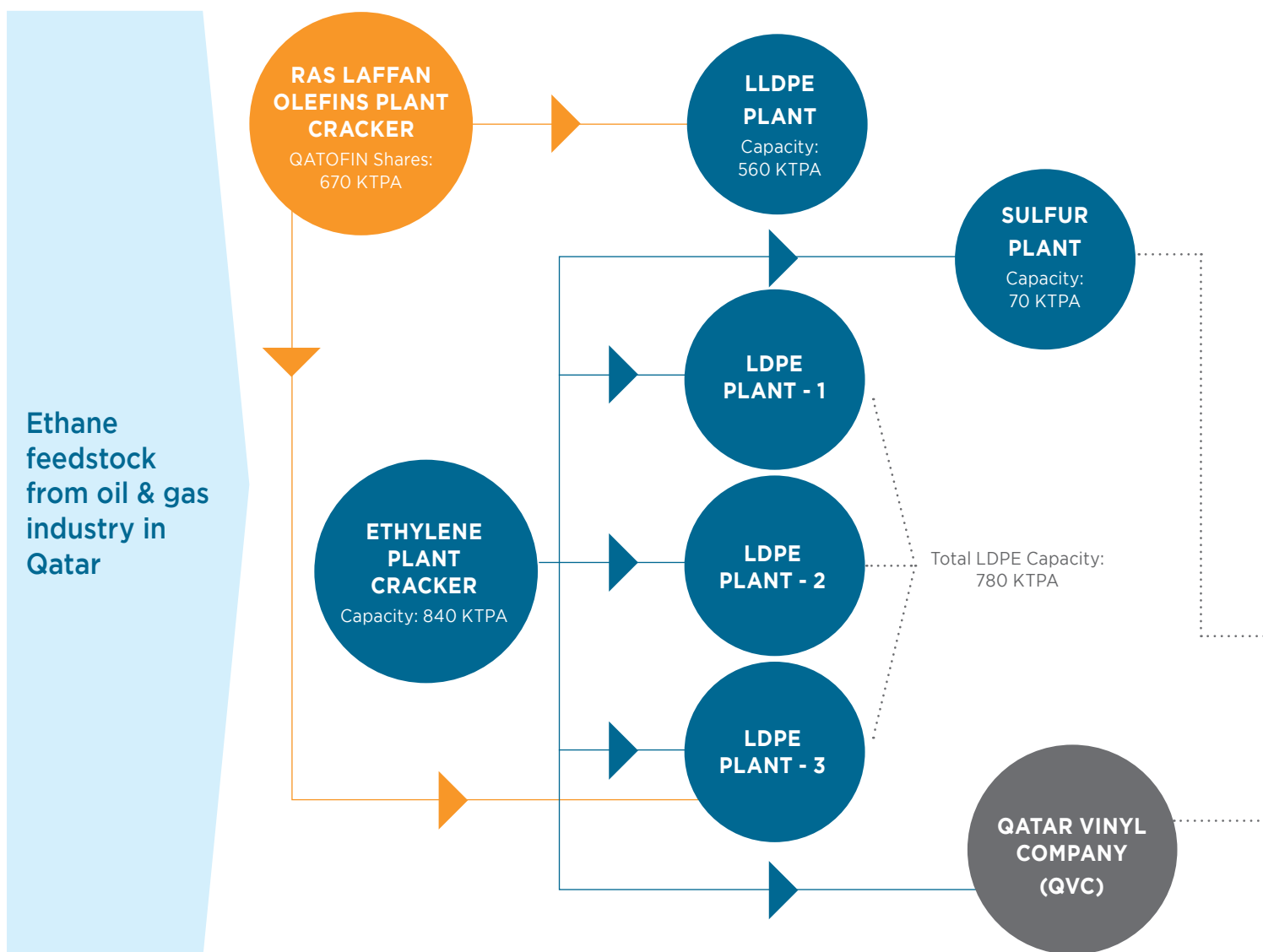
● Achieved
 ● Deviation



OUR VALUE CHAIN

G4-8, G4-12

We transform ethylene into polyethylene, a product that has an infinite number of applications and has helped to improve the quality of lives for millions of people through countless ways. Specifically, QAPCO use ethane feedstock from its parent company, QP, to produce ethylene, from which it also produce low – density polyethylene (LDPE), and linear low-density polyethylene (LLDPE) through its subsidiary Qatofin.



G4-8, G4-12

Additionally, QAPCO and two neighboring companies (NGL and QP Refinery) are extracting sulfur from their processed streams. Due to its purity and low moisture content, the sulphur produced by QAPCO is in constant demand. QAPCO does much more, by increasing the efficiency of this transformative process reducing the negative impacts on the environment.

LDPE is one of the most commonly used type of plastic. Some of the well-known applications:

- Food packaging
- Agriculture films
- Extrusion and coating lamination films
- High-clarity films
- Injection molding
- Cables, wires, foam and other products

LLDPE produced is mostly for export. Examples of its use are the following:

- Plastic bags and sheets
- Plastic wrap
- Artificial grass
- Covers, lids, pipes, buckets and containers
- Covering of cables

In high demand: Pure and low moisture content

Treatment and export mainly to the Indian sub-continent

| | |
|-----------------------------|--------------|
| Chlorine unit | 180,000 MTPA |
| Vinyl chloride monomer unit | 355,000 MTPA |
| Ethylene di-chloride unit | 188,000 MTPA |
| Power plant | 130 MW |

- Caustic soda for export and local sale
- Ethylene di-chloride for export
- Vinyl chloride monomer

PERFORMANCE OF OUR OPERATIONS

QAPCO makes continual and strategic investment in environmental improvements projects through technological solutions implementation, such as LDPE2 plant with a state-of-the-art Advanced Process Control (APC), and regular plant upgrades, during the Turnaround), to elevate its overall performance. 2016 marked the year of concretization of the efforts made during the QAPCO Full Potential project and Business Transformation the company has undergone in the past two years. The overall production increased in 2015, and further improved in 2016 reaching higher production, and breaking the records of 2013.

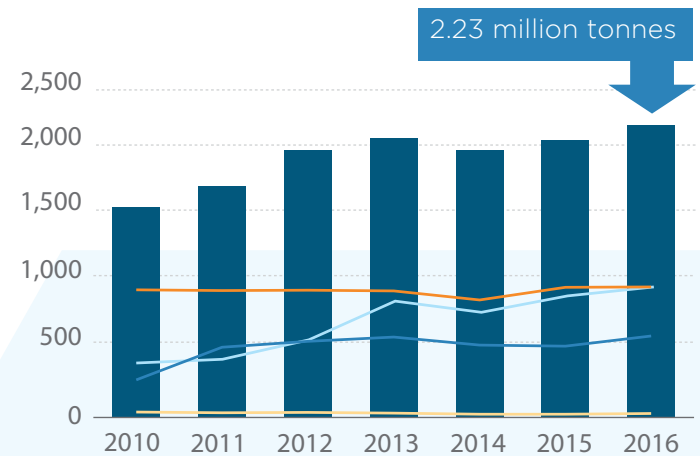
With the successful completion of the furnaces replacement project in 2015, a Smart Leak Detection and Repair program and a newly replaced gas turbine in 2016, adding 127 MWH generation capacity, QAPCO has also improved its operational efficiency and realized significant energy savings, including reductions in energy consumption along with major decreases in NOx, SOx and general emissions.

QAPCO is one of the largest producers of LDPE in the Middle East. We produce a wide range of LDPE grades that are suitable for all thermoplastics processing techniques used for various applications.

Our polyolefin workgroup has successfully implemented 13 initiatives as part of QFP with recurring financial input.



TOTAL PRODUCTION OF QAPCO AND QATOFIN IN TONNES



| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|
| Total Production | 1,514 | 1,757 | 1,901 | 2,117 | 1,896 | 2,104 | 2,231 |
| LDPE | 405 | 426 | 526 | 723 | 666 | 748 | 795 |
| LLDPE (QATOFIN) | 254 | 485 | 527 | 559 | 502 | 493 | 564 |
| Ethylene | 798 | 793 | 795 | 787 | 691 | 827 | 830 |
| Sulfur (sold as by-product) | 58 | 53 | 53 | 48 | 36 | 36 | 42 |

The ethane cracker converts ethane, a by-product from natural gas extraction, into one of our products, ethylene. Years ago, the cracker was originally designed for a capacity of 280,000 tonnes/year of polymer-grade ethylene, and has since been expanded to meet growing demand for ethane-based products in the region and globally.

Our facilities feature upstream units for ethane-feedstock production from associated ethane-rich gas, downstream units for sulfur production (approximately 50,000 tonnes/year) and polyethylene production (800,000 tonnes/year), a utilities center, a storage area for ethane, ethylene, propylene, and sulfur as well as loading facilities for ethylene import and export.

QAPCO currently produces approximately 830,000 metric tonnes (MT) of ethylene from ethane coming from different sources in the oil and gas industry in Qatar. The ethylene is consumed in the low-density polyethylene (LDPE) plants, and by its sister company Qatar Vinyl Company (QVC).

On the back of growing demand for LDPE, QAPCO has invested in a USD 300 Million expansion of its ethylene production facilities to meet growing feedstock demand. In 2016, QAPCO was on track to expand its 830,000 metric tonnes ethylene complex located in the Mesaieed industrial city, approximately 50km south of the capital Doha.

Our substantial production achievements in 2016 have also been accomplished thanks to continuous support of our business enablers such strong IT infrastructure, Research and Innovation (R&I) projects.

AWARDED IT INFRASTRUCTURE FOR EFFICIENCY OF OUR OPERATIONS

A study conducted in 2014 concluded the necessity of a resilient ERP system, which would encompass some of the features dedicated for the plants management previously taken care of using traditional methods. Consequently, the SAP system was implemented, providing of number of different services, improving mainly maintenance and monitoring of production.

Traditional maintenance

- Physical maintenance
- Unorganized processes

Risk-based maintenance

- Efficient maintenance procedures based on manufacturers' material properties
- Reduction of costs
- Condition based – automatic sensors

In addition, the system allows for real time visibility of production cost and compound costing of products. The system also provided HANA database tool to foster internal reporting from staff to the management.

The HANA system allows the processing and transaction of data in real-time with complex analysis and planning scenarios. The earlier management method used to rely on different database management, other software and legacy application.

This change has consolidated our reporting process making it easier for our operating staff to report without depending on programmers. QAPCO is a pioneer in using HANA system in the petrochemicals industry in the Middle East.



Photo : Michel Labelle / TOTAL

Our Research and innovation programs played a crucial role in advancing our operations. Polymer research and innovation fosters the creation of new applications for polyethylene products, and the development of advanced technology in Qatar. Our expertise in polymer science creates direct value to Qatar, by supporting various programs and collaborations with universities and centers, in order to promote knowledge decimation and Qatar-based groundbreaking discoveries.

Appointing chairs in universities has led to the creation of a number of teaching and research activities, resulting in many published papers, patent applications and projects, such as:

- Polyolefin based plastic heat absorbers for energy management in bioclimatic buildings.
- The development of plasma and other surface treatment methods to improve adhesion of polyethylene packaging resins.

RESEARCH AND INNOVATION FOR MORE EFFICIENT AND COST EFFECTIVE PRODUCTION

Day-to-day research and innovation activities

- Cost cutting activities
- Improving existing grades
- Creating new grades

Long-term building capacity

- National priority research program (NPRP)
- Appointing chairs: professors in universities with funded projects from QAPCO
- Technical and logistical support to students

- A platform to identify needs and provide resources
- Using laboratory and university capabilities to carry out research activities

Virtual research and polymer innovation center

| Category | Partner | Research project area |
|----------------------------|---|---|
| NPRP - QNRF | TAMUQ | Synthesis of sustainable linear and cyclic polymers via olefin metathesis |
| | TAMUQ Mechanical Engineering program | Characterization and modelling of semicrystalline polyolefin polymers |
| | Qatar University, Center for Advanced Materials (CAM) | Value-added green polyolefin with extended service life Properties and melt-processing of polyolefin graphene nano-composites |
| NPRP - QAPCO Polymer Chair | Qatar University, Center for Advanced Materials (CAM) | Surface modification of polyethylene film for packaging applications PCM energy saving polymeric materials for bioclimatic buildings |

PRODUCT RESPONSIBILITY AND QUALITY

G4-15, G4-46, G4-DMA, G4-PR2, G4-PR4, G4-PR5, G4-PR9, G4-56

QAPCO continuously strives to ensure that each aspect of the production cycle complies with the health, safety and environmental protection. The commitment for product responsibility has also been demonstrated by the attainment of the Responsible Care accreditation, chemical industry's global initiative to drive continuous improvement and achieve excellence in environmental, health, safety and security performance.

QAPCO has made in place an organized departmental structure made up of both quality control and technical customer service.

Our quality control department ensures the operations chain follows the regulations. QAPCO takes pride, thanks to its strong health, safety and quality culture, that no incidents of non-compliance were recorded during the assessment of our products and services in 2016, concerning both the information and labelling, and provision and use of our products.

Online real time quality control System has been established to manage the quality control of the polyolefin products. We have also established in 2016 a new procedure for Quality Control inspection of inbound chemicals and intermediate and finished product from both olefin and polyolefin plants as well as in-process Quality Control inspection. The procedure dictates the process to confirm that the product meets quality requirement and prevent any defective or out of specifications product from reaching our customers. The procedure has been revised to align to SAP and new organization structure.

The department is also responsible for the control, update and distribution of Technical Data Sheets (TDS) Material Safety Data Sheets (MSDS) for all QAPCO products. Each shipment is sent with TDS and MSDS which identify the product name along with commonly used synonyms, company contact details for general or emergency information, handling and storage information including identified hazards.

International standards and regulations for Product Stewardship at QAPCO



ISO 9001:2008



ISO 14001:2013



OHSAS 18001



RC 14001



ISMS 27001:2013

Quality Regulations Complied

European Union Regulations



- EU Food Contact Plastic
- National Plastic Regulations
- REACH (EC 1907/2006)
- Heavy Metal Directive:
- Good Manufacturing Practice
- Toy Safety Directive
- IKEA Standard

Other Legislations

- Chinese Hygienic Standard for Use of Additives in Food Containers and Packaging Materials
- Japan Hygienic Olefin and Styrene Plastics Association
- India — Positive List of Constituents of Polyethylene in Contact with Foodstuffs, Pharmaceuticals and Drinking Water
- Food and Drugs (FDA)

G4-DMA

ONLINE QUALITY CONTROL SYSTEM

The online Quality Control (QC) system set up in Polymer QC lab improves the efficiency and speed of QC analysis, and facilitates Live QC result sharing with production team fostering production process control and monitoring. It allows QAPCO to save the consumption of polymer raw material, and makes the plant more productive by keeping the production within specification range and segregating the product out of specification in a short time period.

QAPCO produces LDPE and LLDPE grades for converters, which are marketed by Munatajat. Our technical customer service team is responsible to respond to the claims from customers, with full support to Muntajat on the technical support. Our team has successfully implemented all of the 6 initiatives planned as part of QFP in one year. In 2016, we have decreased the number of claims by 19% and 41% in the number of justified claims as compared to 2015. The newly installed SAP system is considered an excellent support for the department management, used to process requests and claims. QAPCO technical service and quality has achieved their targets of 100% internal customer resolution rate, and considerable product handling performance.

We have also established in 2016 a new procedure for technical customer support and regulatory compliance. The procedure helps our team to identify and address various processes involved in the provision of technical support to our PE customers, related to the usage and processing of LLDPE and LDPE Lotrene. Moreover, the procedure helps to ensure effective assistance to Muntajat in its efforts to satisfy and retain existing customers and attract new ones, through proper and effective technical solutions to the customers' problems.

Product handling performance (percentage of handling loss in the total product stuffing process), improved due to the decrease in handling loss in 2016 as compared to 2015. The containers damaged due

to logistics operations has decreased below our targets, therefore reducing the risk of damage, loss and claims.

More than 23 initiatives have been implemented since the start of QAPCO Full Potential and Business Transformation projects, as part of the logistics department. In 2016 alone, the department has been able to improve saving solutions by enhancing the packaging materials including substitution of conventional wooden pallets with more cost effective "CP4" pallets. This achievement has fulfilled therefore one of the most important gaps identified during the industry benchmarking.

One of the other challenges identified was to ensure smooth transition from in-house to outsourced logistics activities. The department plans to continue further with the optimization of its operation in 2017, by exploring opportunities for packaging material improvement.

MEETING OUR CUSTOMER NEEDS

Customers with high technology in barrier food packaging, demand coating speed above 1000 m/min in their tetra box pack specialty. To combine adhesion of the coating in the substrate with high speed was a challenge for QAPCO. Research has been made to investigate the types of branches, which should be introduced in the polyethylene molecules. A model, therefore, was created in our reactor, which reached the first step of this development with great success.

Currently, QAPCO with its unique autoclave reactor is one of the best supplier in the world for coating in high speed. A request from a client was made, where a combination of high speed, draw down and adhesion must work together for a high performance coating without increasing the neck of the molten web. QAPCO have already prepared this new product, which is under rigorous processing and mechanical testing.

OUR SAFETY PRACTICES

HIGHLIGHTS



21 Million

Employee man-hours without
Lost Time Injury (LTI)



3,623

Total near miss reports
(QAPCO + Contractors)



G4-DMA

Safety is considered a way of life at QAPCO, a core value and one of the highest priorities. Our risk-based safety management approach puts safety at the forefront of every decision.

We are fully committed to ensuring that every one of our employees and our contractors return home safely at the end of each day. As such, our integrated HSEQ strategy revolves around operational excellence, stringent safety processes, high standards, strict compliance, comprehensive training, capacity building, and vigilant monitoring.

PERFORMANCE AGAINST TARGETS

| Sustainability | | | | |
|---|------|------|------------------|---|
| | 2015 | 2016 | Target | |
| Total recordable injury rate (TRIR) (employees) per 1 Mn m-h | 1.96 | 0.56 | 2.0 | ● |
| Total recordable injury rate (TRIR) (contractors) per 1 Mn m-h | 1.48 | 1.48 | 2.0 | ● |
| Near miss reporter ratio <i>Near Miss (NM) / Safety Observation (SO)</i> | 25% | 75% | 1/month-employee | ● |
| Safety culture (%) <i>Management safety tour</i> | N/A | 87% | 100% | ● |
| TIER 1&2 ratio (process safety) | 1.05 | 0.81 | 2.0 | ● |

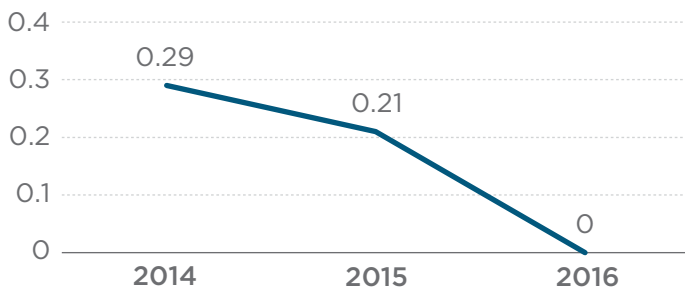
● Achieved
 ● Deviation

G4-DMA, G4-LA6

PERSONAL SAFETY

In QAPCO, we believe that accidents are preventable, and that excellence in the areas of HSE is required for sustainable long-term prosperity. Our HSEQ Management systems have been aligned with the pillars of Qatar National Vision 2030 and our local regulations, ensuring high level of safety for its employees and business partners, and the wellness of its community.

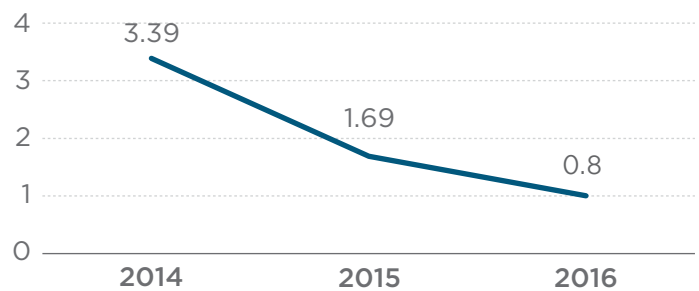
LOST TIME INJURY RATE (QAPCO + CONTRACTORS)



QAPCO has maintained a strong safety performance record since inception. We monitor and report on key workforce personal safety metrics and include both employees and contractors in our data, we also measure our workforce recordable injury frequency and our days away from work case frequency.

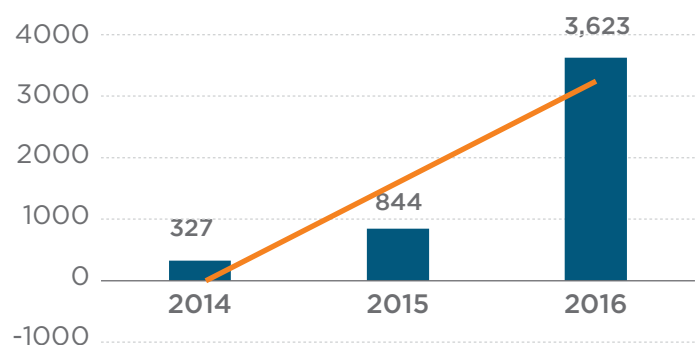
In 2016, we have achieved an outstanding safety performance despite growth in operations. In June 2016, we celebrated our safety milestone of 20 Million without a single employee Lost Time Injury (LTI). By the end of December 2016, we achieved 21 Million cumulative employee man-hours without having an LTI. This outstanding accomplishment is the direct result of the proactive commitment and continuous efforts of our teams to achieve safety excellence and improved reporting of HSE hazards.

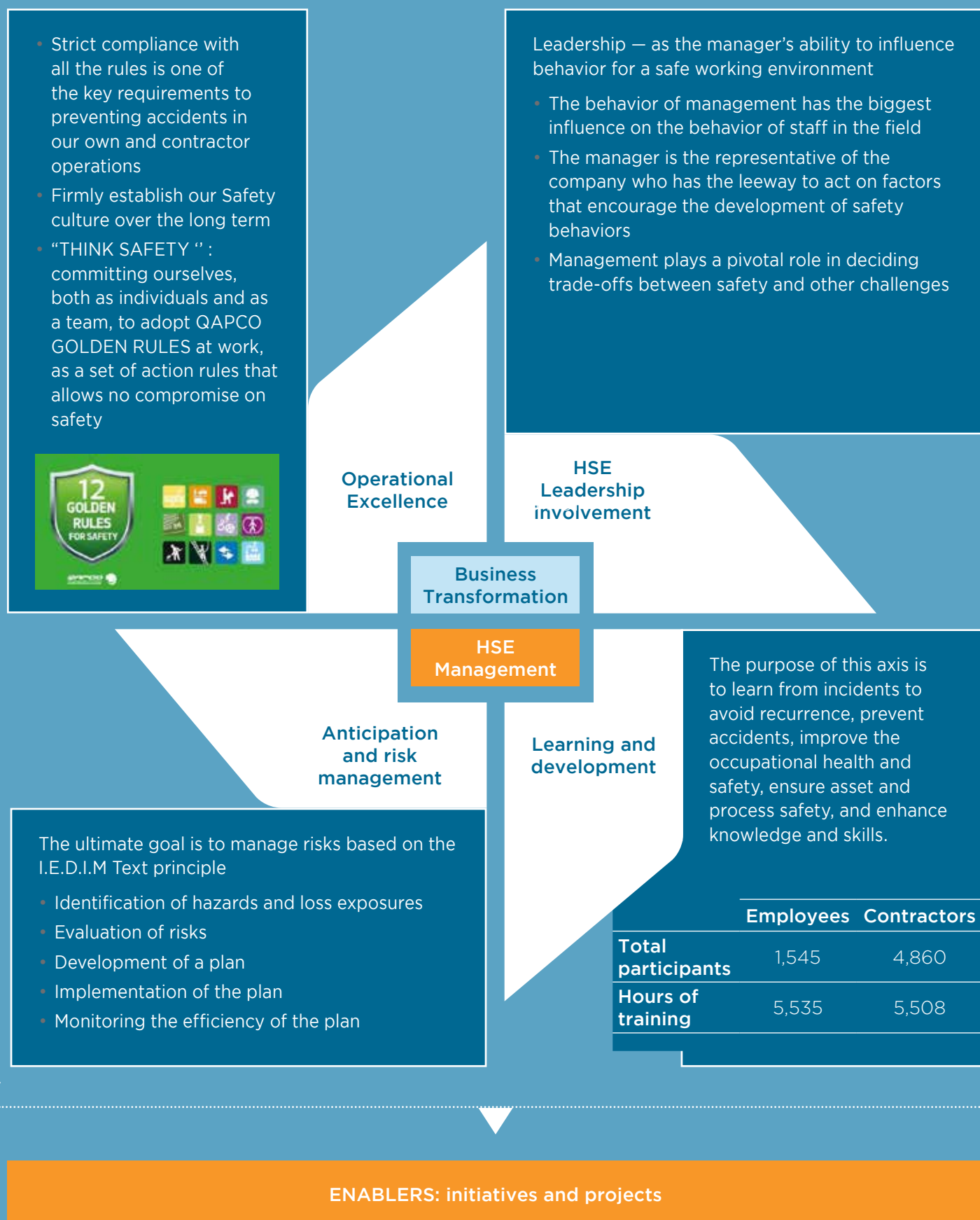
TOTAL RECORDABLE INJURY RATE (QAPCO + CONTRACTORS)



Our safety observations and near misses anomaly reporting helps us to effectively reinforce accident prevention measures by encouraging staff to adopt an attitude of mutual vigilance in safety matters. We have incentive schemes for contributions in management systems performance such as reporting non-conformities, unsafe and unsecure conditions, near misses etc. In 2016, a bonus was given to all staff who reported near misses and safety observations according to the fixed objective.

TOTAL NEAR MISS REPORTS (QAPCO + CONTRACTORS)





G4-DMA

We are all convinced that a defining characteristic of an organization with a mature HSE culture is the visible presence of Senior Management members on the “shop floor”. The concept of HSE Management tour has become an established aspect, which is used to measure the performance of senior managers. Time-in-field or HSE management tour is now a KPI and the number of site visits completed by the Management is the standard HSE leading indicator. In 2016, we created a new procedure that focuses on communication to help the chiefs, directors and managers as Leader of HSE management tour through HSE leadership tours.

Job Safety Analysis (JSA) is one of our risk assessment tools to ensure that all hazards associated with a job are proactively identified and that suitable and sufficient controls are put in place to minimize risks to an acceptable level. We have recently developed a procedure that outlines the necessary steps that must be employed to ensure that health, safety and environmental risks are assessed, systematically managed and minimized to As Low As Reasonably Practicable (ALARP) level before starting any job. This procedure gives guidance on when and how to perform a Job Safety Analysis. This procedure is also part of our overall risk assessment strategy to reduce risks to acceptable levels within QAPCO.

Furthermore, we conduct toolbox meetings, safety moments and presentations, each day before commencing work. These meetings aim to:

- Inform employees and contractors and to raise their awareness about specific aspects of the required work
- Mobilize workers to identify the risks involved in the work

- Encourage workers to assimilate and to apply standard precautions to reduce risks
- Foster communication between team members to build a climate of trust, respect, vigilance and mutual assistance
- Check that all the team members have understood the steps of the order of operations, the risks involved, and the compensatory measures for reducing risks
- Come to a collective agreement on working conditions and the required decisions for a safe working environment.

Safety Achievements in 2016

QAPCO Golden rules at work campaign each month

LMRA Last Minutes Risk Assessment: standard PTW

Zero Energy Checklist: Standard PTRW

Criteria for JSA (Job Safety Analysis) development

High Pressure Water Cleaning Procedure

All operation meetings start with a safety moment

A new safety campaign topic each week

More Process Safety topics for “safety moment”

Furnaces demolition: Zero incident

Rex (Return on Experience): sharing lessons learnt from incidents with all staff members

Safety management implementations during the unplanned shutdown of the plant after the blackout

Tool box meeting QAPCO – Contractor together

World Day for Safety and Health at Work celebration on the 28th April



| HSE Training to QAPCO employees (2016) | Sessions | Participants |
|---|-----------|--------------|
| QAPCO New Employee HSE Orientation | 7 | 31 |
| QAPCO 12 Golden Rules at work Awareness | 9 | 338 |
| QAPCO STOP Card Awareness | 9 | 338 |
| QAPCO HSE Observation & SAP EHS Reporting | 9 | 338 |
| QAPCO Golden Rule #1, #2, #3, #4, #5 Awareness | 5 | 18 |
| Management Safety Tour — Awareness | 1 | 36 |
| Industrial Hygiene | 5 | 41 |
| Environmental Awareness | 5 | 26 |
| Permit to Work (PTW) — Authorized Personnel (Refresher) | 2 | 41 |
| Incident Report Manager (IRM) | 1 | 3 |
| PTW & HSE Awareness for Production Team | 5 | 79 |
| On Call Duty | 3 | 13 |
| Fire Extinguisher — Practical | 4 | 16 |
| Safety Briefing & Tool Box Talk Awareness | 1 | 7 |
| Permit to Work System | 4 | 61 |
| Process Safety Management Awareness | 2 | 21 |
| Emergency Response for Building Controller | 1 | 2 |
| HSE Observation & SAP Reporting — HQ Staffs | 4 | 72 |
| MSDS Management | 2 | 64 |
| Total | 72 | 1481 |

CONTRACTOR SAFETY

G4-DMA, G4-LA6

Our contractors are an integral part of our company, to which they contribute with specific technical skills, accredited professional services and operational and maintenance functions. Working conditions for our contractors are considered a top priority, and a foundation for our long-term strong partnerships.

We measure and monitor the health, safety and environmental performance of our operations periodically to ensure the compliance with ISO 9001, ISO 14001 and OSHAS 8001 standards and local regulations. By the end of December 2016, the total man-hours worked accumulated without reporting a lost time injury case were more than 5.1Million. Our total

reportable injury rate went down 36% as compared to 2015. We had a total of three (3) recordable incidents reported.

| HSE Training to Contractors (2016) | Sessions | Participants |
|---|------------|--------------|
| PTW Authorized Signatories + QAPCO 12 Golden Rules (Contractor) | 3 | 108 |
| Electrical Safety Awareness (Contractor) | 2 | 14 |
| Contractor Safety Induction | 399 | 4738 |
| Total | 404 | 4860 |

QAPCO HSE Policy, procedures and actions are set in place to keep contractors well informed about the rules, and adequate training is provided.

Our strategic contract management approach has been implemented to clearly communicate expectations, outcomes and risks of activities during work periods. Our management systems also make use of active oversight, comprehensive induction training, and contractor evaluations. In 2016, we improved our contractor HSE management procedure to strengthen the HSE criteria in selecting contractors.

PROCESS SAFETY

G4-DMA, G4-LA6

We had a Tier 1 and 2 ratio of 0.81 (process safety) in 2016, mainly due to gas leakages and fires. In 2017, we aim at maintaining our plants operational and running efficiently while keeping our focus on their reliability and process safety. We will maintain our process safety performance through operational excellence, robust risk management, reporting systems, and trainings and lessons learned. We will also adopt root cause analysis approach to prevent the reoccurrence of any process safety issues and to find effective solutions to improve plant equipment reliability.

PROCESS SAFETY EXCELLENCE



OUR ENVIRONMENTAL CULTURE

G4-DMA

HIGHLIGHTS

Reductions since 2011



↓19%

Total GHG reductions



↓34%

Energy intensity reduction



↓30%

Total NOx intensity



Rigorous management and oversight of our environmental impacts are essential to operate responsibly. A well thought-through management approach has been devised to tackle the environmental aspects, and alleviate the impacts of our operations on the environment and the ecosystem. Leadership commitment has been highlighted in various cross-functional activities, stakeholder meetings, and HSE procedures.

With the aim to maintain our progress toward zero lost time accident and zero first aid, we established a health, safety and environment (HSE) committee to promote and consider policy matters in occupational health and safety and environmental issues of significant importance to QAPCO. Some employees are invited to represent and express the interests of the workforce to the attention of the committee.

In 2016, we invested in environmental projects for an optimized and efficient use of natural resources. In addition, a series of investments were made, to introduce minor modifications in our equipment and processes.

PERFORMANCE AGAINST TARGETS

| Sustainability | | | |
|---|------|------|--------|
| | 2015 | 2016 | Target |
| GHG Emissions Intensity (total tonnes of CO ₂ /tonnes of polyethylene) | 0.77 | 1.08 | - |
| Percentage of recycled waste (i.e. waste oil) | 21%* | 49% | - |
| Ethylene Flare Rate | - | 1.23 | 0.3 |
| Acid Gas Flare Rate | - | 13.3 | 0.01 |

* The value is different from 2015 Integrated Report because we are taking into account waste stored from previous years

● Achieved
 ● Deviation

G4-DMA, G4-EN31

| Project | Environmental Expenditures (in '000 QAR) | |
|---|---|---|
| Power Generation Project (Gas Turbines) | 119,998.4 | To reduce NOx Emissions and meet Ministry of Municipality and Environment's requirements. |
| Boiler H6103/04 Low NOx Burners | 56.0 | |
| Waste Water Treatment | 25,513.0 | To improve WW quality and to recycle 80-85% of treated water. |

| Project | Environmental Expenditures (in '000 QAR) | |
|--|---|---|
| Sulfur dust suppression system | 1.4 | To reduce the negative environmental impacts from dust emissions and spillage. |
| Replace single mech seal with double mech seal for Hydrocarbon Service Pumps | 823.3 | To improve the efficiency of cracking of hydrocarbon feedstock into monomers and LDPE production. |

Our operational success and environmental approach have been enabled thanks to our newly established SAP project. While SAP covers significant parts of QAPCO management, it has specifically helped improve our environmental management as follows:

- **Waste management:** The creation of SAP module has established waste transfer request forms automation, final approval process initiation, waste categorization, waste description & quantity generation, container type specification, labeling requirements & printing of waste transfer forms.
- **Environmental compliance:** Includes monitoring of environmental parameters, measured values vs. Guideline values, and automated alerts upon exceeding guideline values.
- **Material Safety Data Sheets (MSDS) management:** SAP module includes all the materials within the safety data sheets
- **Other management advantages** have been achieved include process streamlining, paperless processes, authorized controls, step by step approvals, tracking, and reduced manual interventions

G4-DMA

Environmental and Sustainability Management revolves around 6 different aspects

Air emissions

- 10 furnaces were replaced with 6 new low NOx burners furnaces
- Gas turbines revamping with low NOx burners
- Fugitive emissions reduction by implementing LDAR Program
- Flaring monitoring

Water consumption and optimizing discharge quality

- Wastewater treatment plant revamping
- Water consumption reduction through recycling
- Improving the quality of the 10% water discharged to the sea

Ground – soil pollution

- Avoiding spills and leaks
- Regular site visits
- Ground remediation project

Waste management

- Reduction of waste generation
- Segregation of waste
- Reuse of products (packaging) and containers
- Recycling, sorting, and treating

Energy efficiency

- Improving the energy assessment and simulations of energy balances
- Improving processes and technology

Managing impacts on people and the environment

- Risk assessment
- Safety culture
- Crisis response excellence
- Environmental compliance monitoring






DIRECT ENERGY PRODUCTION

G4-DMA , G4-EN3, G4-EN5

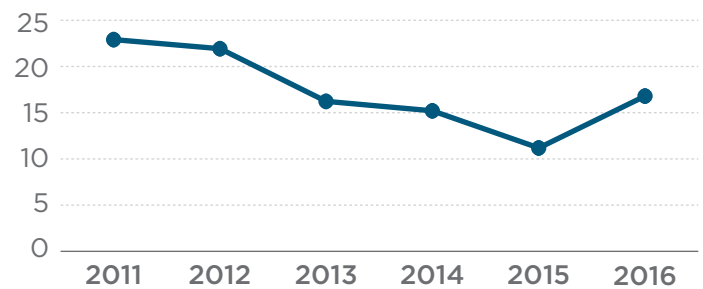
Energy is one of the most important aspects of QAPCO's operation and production of ethylene products. Our consumption and outputs have improved considerably relative to our production,

due to our ongoing plant optimization projects. Realizing energy efficiency gains has been the focus of our teams, since resource optimization is tremendously important, now more than ever.

ENERGY CONSUMPTION IN THOUSAND GIGAJOULE

| | 2013 | 2014 | 2015 | 2016 |
|--|--------|--------|--------|--------|
|  Natural Gas | 20,632 | 17,581 | 20,124 | 22,650 |
|  Diesel | 18.48 | 28.76 | 23.99 | 21.18 |
|  Petrol | 1.62 | 1.60 | 1.67 | 1.16 |

ENERGY INTENSITY RATIO IN GIGAJOULES/TONNES



ENABLERS

- Replacement of the gas turbine with a new and more energy efficient one, added 127 MWH generation capacity
- Replacement of ten old furnaces with six new ones in our ethylene plant
- Due to the upgrade of our furnaces the total energy consumption has been reduced by 19%
- The lower firing of the new furnaces generate 58 Million ton/annum less CO₂

EMIRATES ENERGY EFFICIENCY AWARD

January 2016, QAPCO received the energy efficiency award for the public sector category from the Emirates Energy Award (EEA). The award aims to highlight best practices and pioneering efforts toward energy efficiency and sustainability, recognizing over 112 innovative projects from 12 countries.

QAPCO was recognized for its significant operational efficiency gains, because of its production facility upgrades, such as the cracking furnace upgrade.



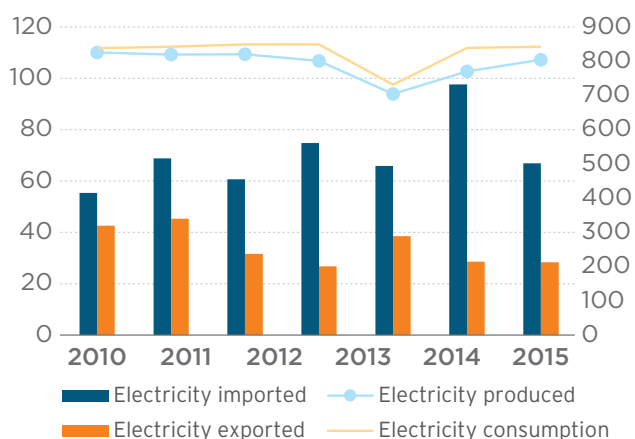
INDIRECT ENERGY CONSUMPTION

G4-DMA, G4-EN3, G4-EN4

Our production processes rely on fuel gas as direct feed from QP's facilities, at Mesaieed Industrial City. Consumed electricity consumed is produced on-site and imported directly from Kahramaa, Qatar's national electricity provider, and QVC.

To supply electricity for both production and administrative buildings, QAPCO has been undergoing projects to decrease electricity usage. Although there has been a slight increase in our electricity consumption, our production of electricity has risen from 769 GWh to 804 GWh, therefore, stabilizing our overall electricity consumption.

ELECTRICITY CONSUMPTION (GWh)



While our electricity import target has not been achieved, QAPCO's effort in optimizing its operation is evident through the considerable increase in production and the stable electricity consumption. As for our consumption in our facilities, the polyolefin plant represents the facility with the highest electricity usage.

Electricity imported in GWh



Electricity exported in GWh



ELECTRICITY CONSUMPTION BY LOCATION IN GIGAWATT HOURS

| | 2015 | 2016 | Target |
|---------------------------------------|------------|------------|------------|
| Ethylene plant 1000 MWH | 304 | 294 | 289 |
| Utilities plant | 131 | 137 | 140 |
| Polyolefins plants (LDPE 1, LDPE 2) | 393 | 396 | 386 |
| Others (All others including offices) | 11 | 14 | 22 |
| Total | 839 | 842 | 837 |

STEAM CONSUMPTION

G4-EN4

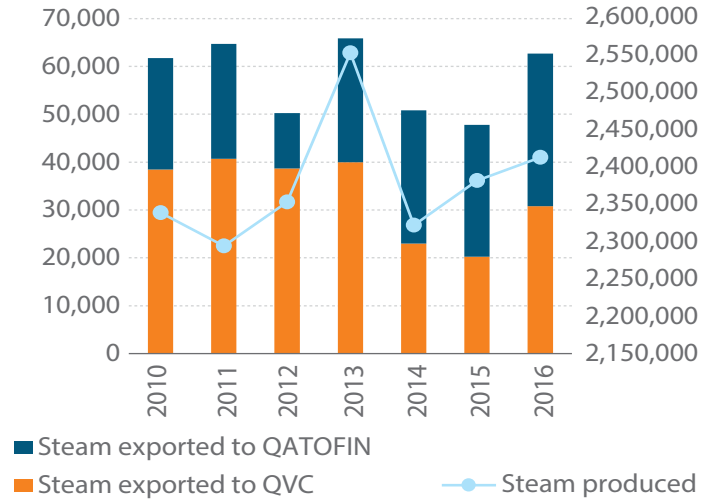
We produce steam by using electricity, which is either generated from our turbines or purchased from state-owned network called Kahramaa. Our operations use steam to convert ethylene gases into monomers for LDPE production through ethylene cracking furnaces.

A limited quantity of steam is used for polyolefin production and other utilities. Some portions of produced steam are exported to Qatofin and QVC for their operational use. Operating in a closed loop system, any condensate generated from exporting steam is returned back to QAPCO and is reused in the steam generation process.

In 2016, no steam was imported since the produced steam was enough to cover our production needs. We produced 2.6 million metric tonnes (MT) of steam, surpassing therefore the target set at 2.4 million metric tonnes (MT). Above 60,000 MT of steam was exported to QVC and Qatofin.

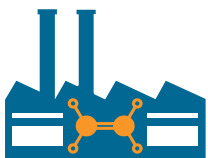
Concerning the consumption of our plants, ethylene plant steam consumption is the highest reaching 84%, followed by Polyolefin plants with 12%, and utilities plant with 4%.

STEAM USAGE AND PRODUCTION IN METRIC TONNES



STEAM CONSUMPTION BY LOCATION IN GIGAWATT HOURS

Ethylene plant — 1000 MT



2016
84%

Utilities plant



2016
4%

Polyolefins plants (LDPE 1, LDPE 2, LDPE 3, LLDPE)



2016
12%

EMISSIONS AND FLARING

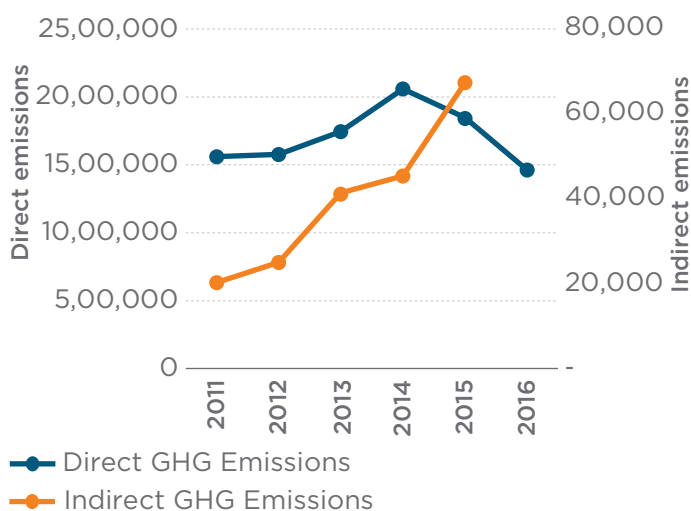
G4-DMA, G4-EN15, G4-EN16, G4-EN18, G4-EN21

Greenhouse gases and methane emissions are the most urgent challenges the world faces today, as they contribute to the greenhouse effect that leads to climate change and global warming. In order to alleviate the negative effects of our operations emissions, several technical projects and

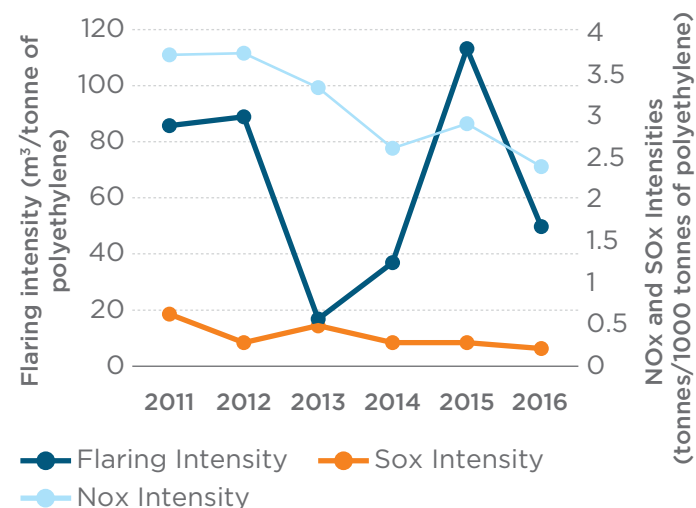
management approaches have been established to reduce emissions due to flaring and combustion.

Some of these projects aimed at reducing flare and optimizing machinery. In fact, QAPCO invested in new furnaces, new gas turbines, and low NOx burners.

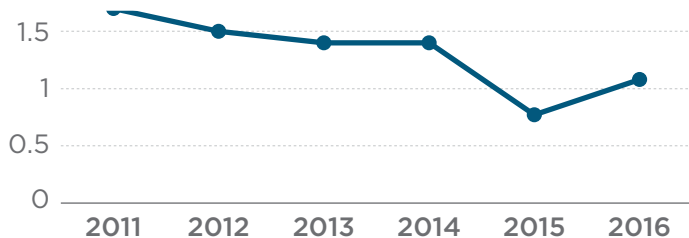
DIRECT AND INDIRECT GHG EMISSIONS IN TONNES OF CO₂EQ



SIGNIFICANT AIR EMISSIONS INTENSITY



GHG EMISSIONS INTENSITY RATIO (TONNES CO₂EQ/TONNES OF PRODUCTION)



ENABLERS

- Strategic investments in highly efficient machinery and QAPCO's commitment to sustainability has helped QAPCO achieve significant progress in its environmental performance
- The successful completion of the furnaces replacement project introduced lower firing levels, which generate 58 Million tonnes/annum less CO₂eq.

WATER AND EFFLUENTS

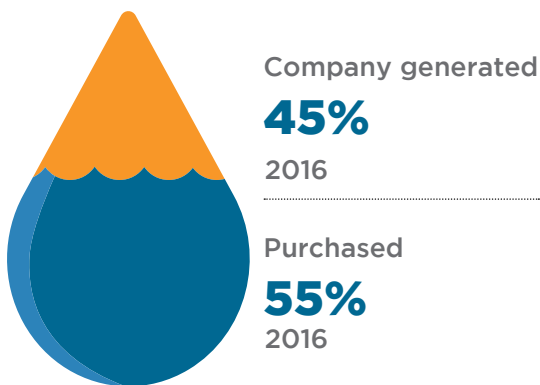
G4-DMA, G4-EN8, G4-EN10, G4-EN22

Water is used for cooling, steam production, and general operation, henceforth; it plays a critical role for QAPCO. With the aim to minimize QAPCO's environmental impacts, water and effluents are an important component of our environmental management plan. Our performance in these areas over the past five years shows significant progress. 57% of our water use is recycled for landscaping.

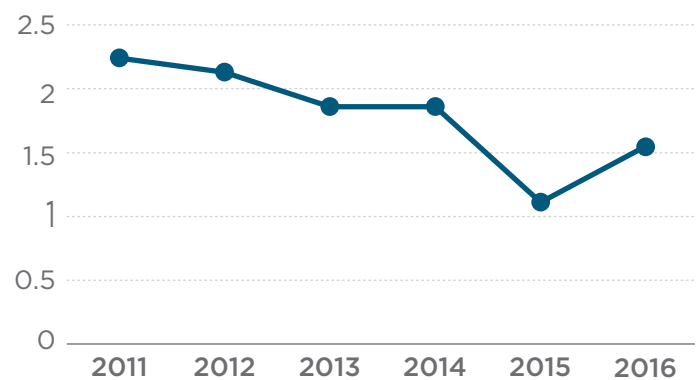
QAPCO generates around 150 m³/day of sanitary wastewater, for which it is constructing a sewage

treatment plant to be operational in 2017. Additionally, QAPCO has two units for wastewater collection and treatment for the entire operation. One unit has been revamped recently and the other unit (a biological treatment unit) will be launched in 2017. The treated effluent is expected to conform to quality standards, and can be used for landscaping. Currently, QAPCO aims to increase its wastewater discharge compliance rate from 23% to 100%.

WATER SOURCES (M³)



WATER INTENSITY RATIO (M³/TONNE)



G4-DMA, G4-EN8

ENABLERS

- Ongoing projects to revamp the wastewater treatment facility, by increasing its capacity of hydraulic limits, and improving the discharge of effluents
- Improved wastewater quality and 80–85% of our water is being treated
- Around 50% of water used by QAPCO is delivered through “Kahramaa”, while the rest is either reused or generated through the two water desalination units owned by QAPCO. To achieve increase in water efficiency and self-sufficiency, QAPCO has replaced one of its desalination units. Consequently, our water intensity ratio has decreased by more than 25% compared to 2011.

Aside from freshwater, QAPCO uses seawater for cooling purposes and operates in compliance with national environmental regulations. We also monitor the withdrawal and the return levels to the sea. Chlorine is used up to a concentration of 1 PPM (part per million)

to treat seawater to eliminate the growth of marine organisms in our facilities. To avoid adverse impacts on the marine ecosystem, QAPCO implements a chlorine dioxide system in LLDPE plants.



WASTE

G4-DMA, G4-EN22, G4-EN23

Investigations are continuously being undertaken on the operations and production in order to deduce ways to reduce waste and loss of materials. There are still more opportunities for improvement, which QAPCO shall undertake to increase waste recycling rates and achieve higher waste diversions from landfill. Most of the general waste goes to governmental disposal yards. QAPCO operates a waste storage facility to monitor

the generated waste and to ensure proper waste disposal following the environmental regulations of the Ministry of Municipality and Environment, which also sets environmental and quality standards for hazardous waste collection and treatment. Currently, 49% of our waste is recycled compared to 21% in 2015, 40% is disposed to landfill, and the left 11% is stored to be disposed of the following year.

PERCENTAGE OF WASTE BY DISPOSAL METHOD



Landfill

40%

2016



Recycling

49%

2016

PAPER REDUCTION AND RECYCLING ACTIVITIES AT QAPCO OFFICES

Paper reduction initiatives started in 2014, and attained a 28% reduction in paper consumption during the year 2014–2015.

In 2016, we initiated “Paper Recycling Project”, and placed paper collection bins at prominent locations around our office buildings for recycling.

In coordination with IT Department, we have streamlined all office printers with the aim to significantly reduce paper consumption by means of making double side printing as a default setting, and centralizing printer locations to reduce the number of individual printers.

PAPER CAN'T FLY TO THE RECYCLING BIN
HELP US RECYCLE

DID YOU KNOW? EACH TON OF RECYCLED PAPER CAN SAVE:

- 17 trees
- 7000 gallons of water
- 4000 kw of energy

What you can do to help?
Dispose your used paper only in labelled trash cans placed near office printers



GROWING **OUR ECONOMY**

66 OUR FINANCIAL PERFORMANCE

68 OUR FINANCIAL IMPACT





QAPCO continues to benefit from the investments made in plant optimization and business transformation. The return on its assets has maximized, therefore, strengthening our global cost competitiveness, allowing us to maintain high profitability for our shareholders while positioning ourselves for continued future growth.

Hassan Saqr Al Muftah

Chief Finance Officer



66.7%

Net Profit Margin
in 2016



Actual profits
surpassing
budgeted profits by

+100%

during last 6 years

OUR FINANCIAL PERFORMANCE

G4-DMA, G4- EC1

HIGHLIGHTS



QAR 3.9
Billion
Revenues



QAR 2.2
Billion
Gross Profit

PERFORMANCE AGAINST TARGETS

| Financial | | | | |
|---|-------|-------|--------|---|
| | 2015 | 2016 | Target | |
| Total Sales | | | | |
| <i>Total Sales in millions QAR</i> | 4.040 | 3,893 | 3.056 | ● |
| OPEX consumption rate | | | | |
| <i>Actual overall OPEX spend YTD / total annual overall OPEX budget</i> | 93% | 123% | 100% | ● |

● Achieved (within 10%) ● Deviation

Financial year 2016 was a pivotal and challenging year for QAPCO, marked by sluggish global economic growth and increased volatility in oil prices.

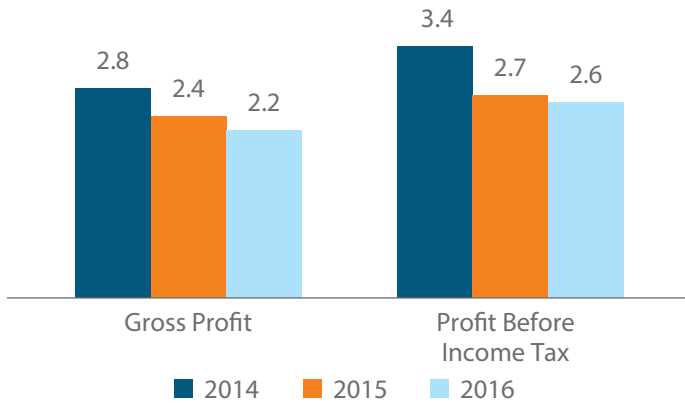
Despite the challenges of the challenging macroeconomic context, QAPCO delivered strong operating and financial results, with net profit before tax (after share of profits from joint ventures and associate) reaching QAR 2.6 billion and total sales of QAR 3.9 billion resulting in a net profit margin of 66.7%.

Despite the economic downturn, our Profit Before Income Tax decreased only slightly thanks to the resilience of our business, which was strengthened with the implementation of QFP and Business Transformation initiatives.

This was also underpinned by a strong operational performance across most of our global businesses, resilient margins despite low oil prices and a continued focus on cost containment and cash conservation.

G4-DMA, G4- EC1

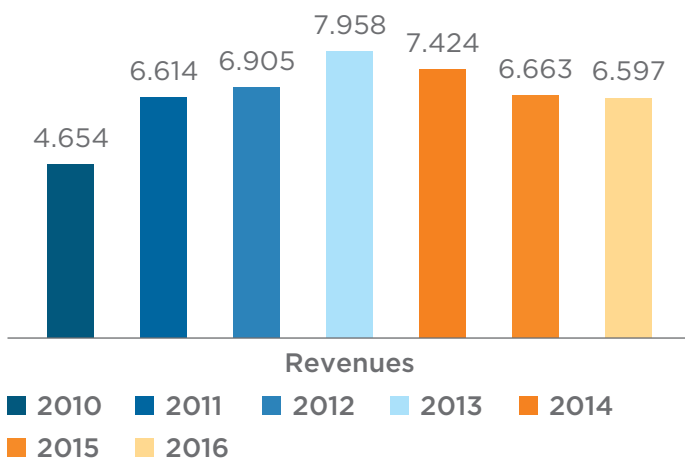
QAPCO CONSOLIDATED PROFIT IN BILLION QAR



Because of new pricing schemes and lower average polymer prices, there has been a decrease in our product sale volume and revenue generation (3.9 billion QAR in 2016 for QAPCO standalone) despite our increased production. Thanks to our new efficient production and operation procedures, the decrease in revenue was tempered. If prices continue to stabilize in the coming year, we expect increased revenue generation.

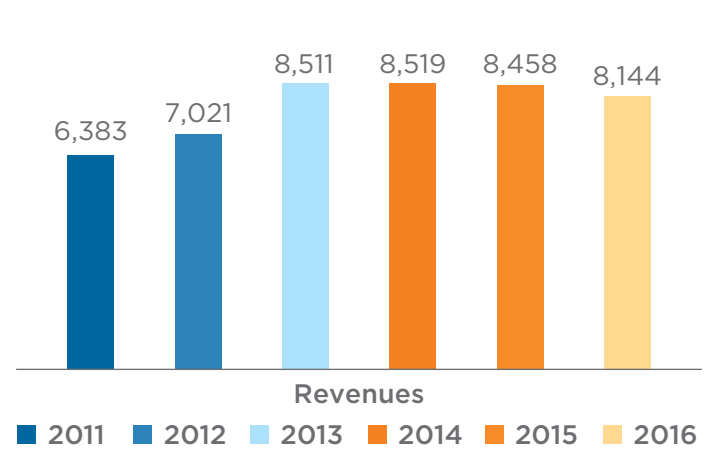
The implementation of QAPCO Full Potential and Business Transformation projects in 2016, was key to prepare us for that fall in crude oil prices and polymer prices.

COMBINED REVENUES OF QAPCO & QATOFIN IN BILLION QAR



Increasing the shareholder value is of prime importance for QAPCO management while making decisions. The value of what our shareholders own, shareholder's equity, has grown at an effective rate of about 28% from 2011 to 2016 because of efficient decisions made throughout these years by our management to earn/increase profits.

QAPCO SHAREHOLDERS EQUITY IN BILLION QAR



Despite the market challenges, QAPCO financed a great portion of its assets with equity and a lower portion with debt. Our high Equity ratio (85%) in 2016 shows to our investors less risk and greater financial strength as compared to some of our counterparts. This will promote financial stability and independence from lenders. In 2016, there were no sanctions/fines for non-compliance with laws and regulations.

BT

With the new QSS business model, departments requesting a shared service are billed under a Charge-back model, implemented in our ERP system. This model will enable more productive and efficient use of our resources internally and with our partners. Furthermore, tables of financial and non-financial authorities (TOFA) have been updated based on assessment and benchmarking.

OUR FINANCIAL IMPACT

G4-EC1 , G4-EC8, G4-S06, G4-S08

QAPCO considers cost optimization in our operations an effective measure, among others, to face challenging economic times. In 2016, we applied tools to ensure profitability without compromising our business needs, high customer expectations or workforce benefits. On the contrary, we still have plans for expansion projects. Also were able to renegotiate the costs of some major contracts in order to save money.

In addition, we strive to optimize a balanced budget that enable us to invest back into the company such as for Research and Innovation (R&I) expenses distribution to shareholders as dividends. QAPCO successfully maintained high fiscal responsibility with actual profits surpassing the budgeted profits by more than 100% during the past 6 years. In 2014, QAPCO has implemented a Turnaround, which is a planned

OUTCOMES OF OUR ACTIVITIES ON FINANCIAL PERFORMANCE

| (Values in QAR'Million) | 2015 | 2016 |
|--|--------------|--------------|
| Economic Value Distributed (QAPCO) | 6,772 | 6,185 |
| EBITDA | 3,059 | 2,053 |
| Employee wages and benefits | 488 | 473 |
| Payments to local shareholder | 2,945 | 3,448 |
| Gross taxes | 139 | 118 |
| National Developpee Investment | 122 | 93 |
| Community investment: Total social investment spending | 19 | 4 |
| Economic Value Distributed (QATOFIN) | 3,234 | 3,327 |
| Operating costs | 1,465 | 1,483 |
| Employee wages and benefits | 9.34 | 6.10 |
| Payments to providers of capital | 1,539 | 1,609 |
| Payment to government | 0.00 | 0.00 |
| Gross taxes | 0.00 | 0.00 |
| Community investment: Total social investment spending | 5.59 | 2.68 |
| Depletion, Depreciation & Amortization | 216 | 226 |

G4-DMA, G4- EC9

event for every five to seven years, where production is suspended for few weeks in order to allow technical experts to clean process equipment, replace specific machinery and perform necessary maintenance. Turnarounds, are a strategic action to improve overall efficiency, safety and operational performance of the plants.

We provide opportunities for Qatari society through employment we create. We ensure that our employees benefit economically and socially. We maintain a harmonious relationship with our community. The relationship that we have forged with our community and employees has enabled us to bring in more business and create value both for Qatar and ourselves.

QAPCO also contributes to a government pension scheme for Qatari employees calculated as a percentage of the employees' salaries, in accordance with law no. 24 of 2002 on retirement and pension. This is a defined contribution plan and the Company's obligations are limited to the contributions which are expensed when due.

QAPCO's commitment to local procurement stems from our goal to maximize our economic contribution to the State of Qatar. While it is still necessary to purchase

some parts and equipment from foreign manufacturers, Qatari companies are given preference in procurement contracts whenever possible.

Our support of local suppliers is also important for economic diversification and aligned with the Qatar National Vision 2030. In 2016, local procurement reached 71% of total purchases for QAPCO, and 64% for QATOFIN.



71%

Spent on local goods



SUPPORTING **OUR BUSINESS**

72 OUR PEOPLE

88 OUR PROCUREMENT PRACTICES





Sustainability starts with our employees who play an important role in driving QAPCO forward. In addition, and to play a vital role in the future of Qatar's education and energy industry, we are committed to engaging with local universities and schools through our investments in research and development, and the promotion of Science, Technology, Engineering, and Mathematics (STEM) education.

Saleh Mohamed Al Halki

Executive Director — Business Support



11,043

Hours of
HSE Training
in 2016



Capability
Building fulfilling

137.4%

of identified
training needs

OUR PEOPLE

G4-9, G4-10, G4-DMA

Our employees are considered the major building block of our company with which our success is defined. We have a proud legacy as an employer of choice, thanks to our enabling work environment that fosters professional growth and diversity, significant opportunities for Qataris, and uniquely strong commitment to contribute to the social, educational, and economic goals of the local community, following Qatar's National Vision 2030.

HIGHLIGHTS



31%
Qatarization



PIONEER
in Academia and R&D

PERFORMANCE AGAINST TARGETS

| Sustainability | | | |
|--|-----------|------------|-----------|
| | 2015 | 2016 | Target |
| Workforce size | | | |
| Total permanent workforce | 1192 | 1072 | - |
| Total full time employees (FTE) attrition: Total terminated FTEs YTD / (avg. permanent FTEs YTD* (365/ calendar days YTD)) | 2.5% | 7.1% | <5% |
| Training plan achievement: (No. of on job training completed YTD / no. of on job training planned) | - | 73% | 60% |
| Qatari National Headcount: (Total no. of Qataris recruited YTD) | - | 302 | 316 |
| Financial | | | |
| Total social investment spending (in QAR) | 3,500,000 | 3,3420,309 | 3,500,000 |



● Achieved (within 10%) ● Deviation

OUR WORKFORCE

G4-10, G4-DMA, G4-LA1, G4-LA2, G4-LA9, G4-LA12




As of December 31, 2016, the total workforce of QAPCO and Qatofin was 1,072 employees.

WORKFORCE DISTRIBUTION BY GENDER (QAPCO + QATOFIN)

| | 2013 | 2014 | 2015 | 2016 |
|---|-------|-------|-------|-------|
|  Male | 1,282 | 1,249 | 1,152 | 1,029 |
|  Female | 43 | 45 | 40 | 43 |




We recognize that diversity plays a vital role in allowing our employees to fulfil their potential and maximize their contribution to the company. In 2016, the distribution of our total workforce by age groups has seen an increase, among management, of the age group between 30-50 years old and females.

WORKFORCE DISTRIBUTION BY CATEGORY (QAPCO + QATOFIN)

| | 2013 | 2014 | 2015 | 2016 |
|--|------|------|------|------|
|  Staff | 853 | 818 | 745 | 655 |
|  Middle Management | 439 | 446 | 417 | 368 |
|  Senior Management | 33 | 30 | 30 | 49 |

The workforce breakdown helps us to identify and continue addressing any imbalance in male/female participation. At the date of this report, QAPCO's female employees represent 4% of the workforce. QAPCO is committed to increase female participation at all levels of management in line with the human development long-term outcomes defined by the Qatar National Vision 2030, which is to increase opportunities and vocational support for Qatari women.

WORKFORCE DISTRIBUTION BY AGE (QAPCO + QATOFIN)

| | 2013 | 2014 | 2015 | 2016 |
|--|------|------|------|------|
|  Under 30 | 296 | 260 | 208 | 165 |
|  30-50 | 768 | 789 | 774 | 740 |
|  Over 50 | 261 | 245 | 210 | 167 |

Attraction and retention of the best employees and ensuring our employees wellbeing are tantamount to the success and sustainable growth of our company.

BT

As part of the business transformation project, job descriptions have been developed and evaluated with departments, with their respective behavioral and technical competencies

Our workforce during the year 2016 has seen 46 new hires, (among whom six are female), 35 at staff level and 11 senior staff and management level. In contrast, a total of 148 employees left QAPCO due to significant changes of the structure of the company as a result of the planning and implementation of the Qatar Full Potential and Business Transformation projects.

G4-DMA, G4-LA1, G4-LA9

| Total number of employees leaving employment the reporting period | | 148 |
|---|--|-----|
| Gender | Male | 142 |
| | Female | 6 |
| Age | Under 30 years old | 34 |
| | 30-50 years old | 73 |
| | Over 50 years old | 37 |
| Employee Level | Executive & Senior Management | 1 |
| | Middle Management | 48 |
| | Staff (professional, operational and administrative) | 99 |

Around 25% of employees have more than ten years of experience with QAPCO, thereby showing retention success thanks to the various opportunities and human development programs in QAPCO.

Providing a great work environment and benefits is an effective way of making sure key workers remain employed while maintaining job performance, motivation and productivity. We strongly encourage our people to develop new skills, improve work practices and build their careers, by providing the following:

- Training and development
- Performance reviews
- Benefits available to full-time employees
- Parental leave-participation and return to work
- Promoting health and fitness

TRAINING AND DEVELOPMENT

Our Capability Building Department has been committed to employee development, meeting the learning requirements of the company, contributing significantly to QAPCO's growth & sustainability.

A total of 690 employees were trained during 2016 resulting in 3,667 man-days being invested in employee development. 99.6% of the training courses organized were evaluated as "Effective", according to employee feedback. The total cost of trainings reached 1,907,138 QAR.

TOTAL HOURS OF TRAINING FOR WORKFORCE (QAPCO + QATOFIN)



| Total number of employees trained | 690 |
|--|-------|
| No. of Male | 663 |
| No. of Female | 6 |
| Average hrs. of training per category (number) | |
| Male employee | 54 |
| Female employee | 27 |
| Senior Management | 50 |
| Middle Management | 52 |
| Staff | 29 |
| Year/employee | 28 |
| Average cost of training per Individual (QAR) | 1,841 |

For 2016, the direction of the management was to assign employees for SAP related training as the top priority for Business Transformation "Go Live". As a result, planned in-house courses were replaced by in-house SAP Training. The total number of training needs identified in the organization for the year 2016 was 1,720. The Capability Building Department (CBD) KPI for fulfilling these needs by the end of 2016 reached 137.4% surpassing the 80% target. By the end of 2016, CBD has fulfilled 2,364, including SAP courses.

G4-DMA, G4-LA9

In 2016, unlike previous years, the identification of training needs process was carried out by including the HSE training requirements of the line departments. The Capability Building Department emphasized more on organizing in-house courses, rather than public courses, enabling more employees to avail of training within available resources and budget. This strategy was duly

conveyed to all the Department Training Focal Points.

In 2017, the Capacity Building and HSE departments will run a major campaign on Safety Leadership and Process Safety Management, aiming to train the entire workforce on a concept that should be embedded in the system of every person working in QAPCO, especially those in technical areas.

Key specialized technical courses in 2016

| | | |
|---|---|--|
| Process Plant Optimization Technology & Continuous Improvement | Inspection, Assessment and Repair of Concrete Structure | Advanced Valve Technology Design, Selection, Installation, Applications, Sizing, Inspection, Maintenance & Troubleshooting |
| Gas Conditioning and Processing | Rotordynamics of Turbomachinery with zCase Studies | Maintenance and Troubleshooting of UPS Systems and Battery Power Supplies |
| Safety Relief Valve Sizing, Selection, Operation, Inspection, Maintenance & Troubleshooting | Engineering and Construction of Roads Pavement | Machinery Failure Analysis, Prevention & Troubleshooting |

HSE regulation courses in 2016

| | | |
|---|--|----------------------------|
| H2S Safety Course — OPITO Certified | Safe Inspection of Scaffolds — CITB Certified | Certified PHA-HAZOP Leader |
| IRCA Lead Auditor Course 14001:2015 EMS | Company/Ship Security Officer (CSO/SSO) Training | |



G4-LA2

PERFORMANCE REVIEWS

It is our policy that the performance of all employees shall be formally appraised once each year with the aim of maximizing their competence in contributing to the achievement of our strategic goals. Our balance scorecard applies to all employees regardless of their categories and staff class.

QAPCO strategic objectives and balance scorecards are operationalized against five defined perspectives; customer, financial, sustainability, operations and innovation. The balance scorecards include key performance indicators that best show our organization's progress towards strategic objectives, and then cascades through QAPCO to all supporting

and contributing metrics, departments, and individuals.

Our performance reviews enable managers to foster each person's strengths, help them address development areas and continually improve their performance. In the future, we aim to review the performance of all employees twice yearly.

BENEFITS AVAILABLE TO OUR EMPLOYEES

Central to this commitment, QAPCO provides all its employees with comprehensive compensation and benefits programs. These programs are designed to be competitive and to ensure that key talent, who will drive future growth, will remain with the company.

ANNUAL MOTIVATION SCHEME CEREMONY

Following the tradition since 2007, the Annual Motivation Scheme event was held in January 2016 to express gratitude to QAPCO employees. With the presence of our MD and CEO Dr. Mohammed Yousef Al-Mulla, wheretop achievers were awarded for their performance and contribution.

The nominated personnel went through a rigorous evaluation process, and many of them made value-adding suggestions and led projects successfully.

Celebrating achievers and appreciating their continuous efforts is essential to reinforce motivation and employee engagement, encourage teamwork, and enhance performance and innovation. Therefore, it is an important pillar of QAPCO's People Strategy paving the way to business excellence.



G4-LA2

AL REEM CLUB

Owned by QAPCO, it is the one of the largest club in Mesaieed. Ideally located in the heart of Mesaieed residential area, Al Reem Club is a private club providing social, recreational & sports amenities for members and their families. Al Reem Club offers up-to-date recreational facilities such as family swimming pools, gym, spa and facilities for football, basketball, volleyball, badminton, squash, tennis, billiard, snooker, table tennis etc. The Club also has two restaurants and several meeting rooms.

The Club Committee continues to organize activities for QAPCO members and their families (cricket & tennis tournaments, drawing and keyboard classes for children, musical evenings, among others).



PROMOTING HEALTH AND FITNESS

The fitness and wellbeing of its employees and their knowledge of health related issues is a priority for QAPCO. Throughout the year, the company organizes a number of health-oriented initiatives in order to promote healthy lifestyles amongst its employees and the community. Aligned with the principles of the Qatar National Vision 2030, QAPCO believes sports will support a sustainable future for generations to come.

Since its inception in 1974, QAPCO's corporate culture has been profoundly marked by sporting events and athletic competitions. Sport is an integral part of the company's corporate culture. The establishment of the QAPCO Sports Committee back in 1988 is a remarkable illustration of QAPCO's dedication to promoting sports within our company and within the community.

Every year QAPCO organizes no less than 10 major sports championships and the teams (employees and families) participate in local tournaments. As both the

QAPCO Club Team and QAPCO Sports Committee are very active all year long, some of QAPCO's flagship contests include the Winter Football Tournament, the famous Ramadan Football tournament, the Badminton, Cricket or Volleyball tournaments just to mention a few. In addition, QAPCO organizes a number of health-oriented initiatives to promote healthy lifestyles as follows:

- Sponsorship of the annual blood donor day celebration in cooperation with Hamad Medical Corporation
- Provision of medical equipment to the needy with Qatar Society for Rehabilitation of Special Needs
- Sponsorship of the Rehabilitation program for mentally disabled students with Qatar Paralympic Committee
- Viral Hepatitis Awareness Campaign
- World Day for Safety and Health at work

LOSE TO WIN

Flagship corporate weight-loss program, which is part of QAPCO's annual "Be Fit, Be Healthy, Be Happy" campaign.

418 kg
Weight lost

During 12 months, employees were offered the support of health and nutrition professionals from our clinic and Hamad Medical corporation and obesity clinic, to encourage them to adopt healthier diets and to embrace more active lifestyles. Thanks to original activities and monthly monitoring, the program has been extremely successful with 418.6 kg weight lost. The three highest performers were recognized in the event and became an inspiration for many.

CANCER AWARENESS

QAPCO has actively worked to bring awareness about cancer.

Under the title "Show Your Care. Be cancer aware", QAPCO organizes a daylong event in order to increase the community's understanding about cancer and ways to prevent it.

In addition, QAPCO organizes another event targeted towards men called "Movember", to raise the awareness about cancer and exercise, where around 60 employees participated.

60
Employees
participated

ANTI-SMOKING CAMPAIGN

QAPCO hosts workshops to provide information to its employees about the risks of smoking, and the means to quit, with the participation of 50 employees.

50
Employees
participated

OUR LOCAL EMPLOYEES

As QAPCO enters a new era revolving around resilience and increased efficiencies, Qatarization will play a central role in the company. Our world is changing but our commitment to Qatarization remains it is the key to our success and drives the nature and purpose of our organization.

During the year, in alignment with the Qatar National Vision 2030's objectives, QAPCO continued to support national talent and registered a Qatarization rate of 31%. We believe in investing strategically in the skills and success of our employees. Our investments in Qatarization activities has risen by 50% from 2011, more than half of it is invested in research, learning and development.

Since 2010, we recognize every year top Qatari achievers during our Qatarization Day celebrations, as we aim to support and fully empower our Qatari employees to reach their full potential, paving the way for success in their professional careers. We are proud to see the result of our efforts as many of our Qatari Nationals reach leadership positions. As evidence of the strength of our Quality Qatarization strategy, Qatarization rates reach 70% in senior management levels, 31% in administrative fields and 20% in technical positions. Capability building has always been one of our prime success factors.

Qatarization is driven top-down by the MD & CEO, who personally ensures that everyone is fully, and enthusiastically mobilized toward one common goal: driving Qatarization forward. This approach ensures that QAPCO remains a robust and dynamic organization.

Our Quality Qatarization strategy, led by Qatarization Corporate Excellence committee, has been recognized six times by the prestigious Qatarization award of Qatar industry Sector,, which is a tribute to the high level of commitment of our staff, having implemented a highly advanced level of quality Qatarization across all departments.

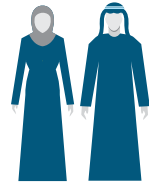
QAPCO aim to foster a culture that attracts, retains, and develops talented people. The company believes that retaining leaders who care, and who inspire their team members, offering continuous learning and development opportunities in a work environment that embraces diversity creates value for the members of the QAPCO family and for the organization.

G4-DMA, G4-SO1

QATARIZATION HIGHLIGHTS



31%
Qatarization



302
Qatari
Nationals



16
Partnerships
with
educational
institutions



51
Internship
students



26
Community
outreach
programs



7
Career fairs
attended



+50
Students and
researchers
impacted by
QAPCO related
research and
innovation projects



+50
Innovation
projects



4
Research
chairs in
prestigious
universities

Through QAPCO's 16 strategic partnerships with Qatari schools and universities, QAPCO has been supporting the development of a new field of research and expertise in polymer science and STEM (Science, Technology, Engineering and Mathematics fields), thereby creating strong economic and academic contribution to Qatar.

Through scholarship programs, we provide all the necessary resources to promising young men and women for the duration of their undergraduate education, along with continuous support and assistance. Around 70 students benefited from our scholarships, which is huge investments in scholarships and sponsorships representing an increase of 184% from 2011.

Our LEAD program aims to develop Qataris to lead, engage, achieve, and do. The program identifies gaps and encourages Qataris to take professional short or long courses. Once they return from university, they join QAPCO as senior staff members, and undergo a development program, in order to ensure that the academic theory learnt at university is complemented with practical competencies required to complete their jobs to the highest possible standards

Research and innovation has been a strategic choice in that it helps QAPCO maintain its leading position in the petrochemical industry, and contribute to the transformation of Qatar into a knowledge-based economy, in accordance with QNV2030.

G4-SO1

OUR PUBLICATION — ADVANCES IN ENGINEERING EDUCATION IN MENA

One of the “fruits” of the collaboration between QAPCO and academia was the publishing of a book on “Advances in Engineering Education” in the MENA region by Qatar University, which QAPCO has supported. QAPCO has both funded the book’s publication, and contributed to its content, particularly a chapter on the experience of matching industry with education.

The book comprises different topics about education, and sets the importance of the topic for Qatar and the region in particular.



QAPCO WINS FIFTH ANNUAL QATARIZATION AWARD

QAPCO has an impressive track record of investing in the youth of Qatar, as well as recruiting, developing and retaining Qatari talent. The company recently received its fifth prestigious Qatarization Crystal award for supporting and liaising with the education sector, which highlights the success of QAPCO’s scholarship and internship programs, as well as their engagement and investment in education.

QAPCO has collected seven Qatarization accolades overall since 2009, spanning four categories. These include five Crystal awards, as well as recognition for supporting student scholarships, supporting training and development and for supporting the country’s and industry’s overall Qatarization goals.

OUR COMMUNITY

G4-DMA, G4-S01

QAPCO believes that in addition to contribution and creating value for its employees and shareholders, contribution to the local community and its country is equally important to the economic and human development of Qatar. Henceforth, a number of contributions has

been made, led by several departments such as Communications and Media, Research and Development, and Qatarization. These activities ranged from sports activities, to health and fitness campaigns, to donations and charity. Examples are presented in a graph, which gives an overview of our community spending for the year 2016 (excluding Qatarization related activities).



G4-SO1



18 FEBRUARY 2016

2016 edition of the Waste Free Environment campaign a huge success in Qatar

The local community, downstream industries, schools and universities in Qatar recently united on Wakra Beach for the regional Waste Free Environment (WFE) cleanup campaign. As part of the initiative, over 1,000 students participated in sustainability workshops and competitions aimed at promoting best practices related to proper waste disposal.

The WFE campaign is an environmental awareness and anti-litter campaign launched by the Gulf Petrochemicals and Chemicals Association (GPCA). The annual campaign

aims to tackle some of the challenges associated with plastic litter.

Since the launch of the GCC campaign in 2013, the WFE has grown in size, participation and collection. 13 cities in 9 countries are now engaged in the campaign.

The 2016 edition of the campaign was launched with renewed enthusiasm in Qatar. The response from the local community has been extremely positive. In addition, cleanup events were organized at selected locations and awareness activities likewise took place in schools and universities to highlight the issues associated with improper waste disposal.



17 FEBRUARY 2016

QAPCO Celebrates National Sports Day 2016

QAPCO, a pioneer in petrochemical production, and its sister company Qatofin, celebrated the fifth edition of the National Sports Day festivities at QAPCO's Sports Club in Mesaieed. Hundreds of employees from the Mesaieed community along with their families participated in the fun-filled day that included an array of sport activities such as football, handball and volleyball matches, bowling tournaments, basketball

games, spinning and cross-fit workouts. Through the various sports competitions offered, the aim was also to encourage the younger ones, the next generation, to embrace healthy lifestyles and to practice sports every day.

The day reflected the diversity of the Mesaieed community as employees from 40 different nationalities entered the sporting competitions. QAPCO HSE and Medical teams were on site all day long to offer their support and ensured a safe and successful sport day for all.

G4-SO1



27 JUNE 2016

QAPCO leading supporter of Omar Bin Al Khattab Independent School for Boys Graduation Ceremony

In line with its support of the Qatar National Vision 2030, to promote the development of the education sector, QAPCO has spent over QAR 447,000 to support the graduation ceremony of Omar Bin Al Khattab Independent Secondary School for Boys, for the 16th batch of students.

The ceremony was attended by more than 170 promising graduates honored for their outstanding academic achievements and the conclusion of their preparatory studies.

QAPCO's contribution to Qatar's Education Sector can be also seen from the four professional Academic Chairs that they currently sponsor at Qatar University, College of the North Atlantic – Qatar and Texas A&M Qatar.



12 DECEMBER 2016

QAPCO is encouraging kids to be part of an exciting adventure

This latest initiative is one of many that QAPCO has with the education sector in Qatar. QAPCO has been committed in supporting students, particularly the ones studying in the engineering, science, and technology field.

To increase interest among students in science, technology, engineering, and mathematics fields (STEM), a STEM Roadshow program has been established to go on a road trip visiting various schools and make high schools more inquisitive about STEM fields.



17 OCTOBER 2016

QAPCO Participates at 7th Qatar International Universities Fair

QAPCO participated in the 7th Qatar International Universities Fair this week, from 17 – 19 October 2016.

QAPCO engineers and experts are making themselves available to meet and talk with Qatar's students, who are interested in pursuing careers in science, technology, engineering and mathematics (STEM).



17 JANUARY 2016

Qatar University and QAPCO renew agreement for polymer research.

Qatar University (QU) and QAPCO announced the renewal of the QAPCO Polymer Chair at Qatar University. The Chair and his team focus on research activities revolving around material science and engineering, polyolefins and polymer nanotechnology, polyethylene, along with other by-products. They also work closely with QAPCO Research and Innovation team to explore the development of novel applications related

to biodegradable plastics and polymer based composite materials.

The renewal of the QAPCO Polymer Chair at Qatar University further strengthens industry-academia collaboration between QU and QAPCO, which acts as a catalyst for value creation through resource optimization. This envisioned research collaboration is set to have far-reaching impact, in Qatar and beyond. The Product Development section of QAPCO has been very active throughout the year in creating educational and academic value for Qatar, which has resulted in receiving several awards.

QAPCO ALL YEAR R&I SUPPORT TO ACADEMIA AND EDUCATION



Educational activities

- Presented lectures to Qatar University engineering students on the polymer industry in Qatar
- Supported several Qatar University students during their master degree research
- QAPCO Product development supported QU students working on QAPCO R&D project to win 1st place in GPCA Plastics Excellence Awards FIKRA Category
- QAPCO Product development supported Qatari students at local universities with research guidance, samples and testing facilities to execute their projects and develop their skills throughout 2016
- QAPCO Served on Engineering Advisory Boards at QU (ChemEng and GPC) and TAMUQ (MEEN) to align education programs with industry and society needs
- Moderated session at GPCA Research & Innovation Summit to encourage collaboration between GCC industry and universities and involve local students in research
- QAPCO Product development supported QNRF to develop energy and environment research priorities in Qatar



Research activities

- QAPCO Product development and QAPCO Polymer Chair participated in GPCA Plastics Excellence Awards and won an award for Best Researcher category
- QAPCO co-authored scientific papers with QU and TAMUQ faculty and researchers in 2016
- QAPCO Product development supported QU and TAMUQ students and faculty in the annual conference of QF with poster presentations
- Participated in Materials Science and Engineering Symposium organized by QU, TAMUQ and sponsored by QAPCO
- QAPCO actively participated in Qatar University research forum and water security research workshop
- Participated in Process Safety Symposium and Industry Research Showcase organized by TAMUQ
- QAPCO made a presentation on sustainable materials during UK-Qatar research networking forum
- QAPCO Product development collaborated with researchers from QU and TAMUQ to develop petrochemical related research proposals to QNRF and execute ongoing research projects





TRANSFORMING OUR IT DEPARTMENT

With the implementation of Business Transformation project, the year 2016 has seen a new IT strategy placing the IT department as a strategic partner for other business units at QAPCO.

The strategy enables the IT department to empower business units with the technological capabilities to fulfill QAPCO's corporate objectives.

The IT strategy also tackles the challenges identified in the planning process, such as lack of a stable integrated ERP system, limited coverage of the IT application portfolio, and the reliance on paper and documents.

We also put in place a well-devised governance structure to ensure the successful and proper governance of the strategy and the achievements of the different IT-related initiatives. The governance revolves two committees:

- IT and Cyber Security Committee: Supporting IT and Cyber security strategies. Reviewing of IT and IS projects as well as security governance of Industrial Control Systems projects. Monitor compliance with procedures, standards and best practices;

- SAP Change Management Panel, ensuring following best practices, and the smooth process integration.

After forty years in operation, QAPCO is a regional petrochemical powerhouse and a vital contributor to Qatar's ongoing economic strength.

The company's success can be attributed to its strong commitment to both its people and processes, and in 2016, a new ERP (SAP) went alive to help bringing those two critical assets even closer together, achieving even greater performance now and into the future.

The implementation of this technology solution has translated into significant efficiency gains, and has strengthened our competitive advantage, ensuring we are well equipped to pursue our innovation drive and growth aspirations.

QAPCO is now using SAP technology solution to focus on operations, manufacturing and supply chain, and placed a special emphasis on its health, safety and environment (HSE) performance and processes. The project has facilitated business decision-making

BT

Riyadah project ensures improvement across all objectives under each of 5 pillars (Financial, Customer, Sustainability, Operations, and Innovation). “QAPCO is Digital” and “Single Infrastructure” projects are related to Financial and Operational pillars, while “IT Application Portfolio Enrichment” is mainly related to Customer and Sustainability pillars.

as it provides integrated information and reporting to QAPCO, as well as delivering additional solutions related to compliance management, business planning, and strategic procurement. The solution will, in turn, significantly improve QAPCO end to end integrated business processes through greater efficiencies and cost reductions. In alignment with its commitment to continuous improvement, we strive to adopt the latest technology and implement best practices.

SOME OF OUR KEY IT INITIATIVES IN 2016

| Projects | Description |
|--|---|
| RIYADAH (SAP as a new ERP) | Inspired from the Arabic word “pioneering”, the project aims to transform QAPCO to the first in class operator in the petrochemical industry by implementing SAP leading practices. |
| QAPCO is “Digital” | QAPCO is moving to the world of digitalization by transforming its documentation and processes for automation within business units. This will facilitate sharing, managing information, and addressing documentation issues. |
| Single infrastructure | Implementation of a new IT infrastructure, with a single data center in Mesaieed and a disaster recovery site hosted in another remote location in case of a disaster. |
| IT Application Portfolio Enrichment | The project tackles the later stage of RIYADAH after having a stable IT platform, to create new opportunities for improvements, innovative solutions and better capabilities. |

SAP Quality Award — Innovation - (Cloud/HANA)

The prestigious SAP Quality Awards for Middle East and North Africa (MENA) celebrate and recognize customers who have excelled in the implementation of their SAP software solutions by using SAP's quality principles to:

- Effectively plan, execute and manage their implementation
- Achieve fast, low-cost implementation and meet today's demand for rapid time to value
- Simplify business processes and deliver significant business benefits to their organization

QAPCO was awarded as a GOLD winner in - Cloud/HANA Innovation Category in the MENA region.



OUR **PROCUREMENT** PRACTICES

HIGHLIGHTS

Implementation of
**new procurement
excellence
program**



Delivering
savings
on business cases



QAPCO procurement division has undergone major transformations according to best global practices, placing QAPCO in a unique and advantageous position. The highlights of the management approach for procurement practices in QAPCO can be organized along two axes: a best-practice division structure, category management procurement excellences and the transition to SAP and ARIBA software systems.

PERFORMANCE AGAINST TARGETS

| Financial | | | |
|--|------|------|--------|
| | 2015 | 2016 | Target |
| Operations | | | |
| Total purchases spent on local goods and service (%) | 83% | 71% | - |
| Finance | | | |
| Savings through negotiations | 7.6% | 7.6% | 7% |

 Achieved (within 10%)
  Deviation

INCREASING EFFICIENCIES

In 2016, the procurement department implemented three major initiatives that will help QAPCO achieve efficiency and cost improvement without affecting quality.

| Procurement excellence program | Outsourcing logistics operations | De-specification |
|---|---|--|
| 1. Division restructuring in line with global best practice | 2. Outsourcing to international contractors | 3. Establishment of cost-effective solutions for business requirements |
| Category management procurement | Cost effective savings | e.g. bagging process |

PROCUREMENT EXCELLENCE PROGRAM

In 2016, the procurement division was re-structured by organizing procurement into the following sub-divisions: a tactical team, which is responsible for the quotidian job, and a strategic sourcing team, made of strategic planners in charge of creating the procurement philosophy and strategy.

Ten (10) Purchasing Groups have been created to develop and apply the sourcing processes, based on a market segmentation of the purchasing spend analysis. Each group lead by a strategic officer from the strategic sourcing team, and a tactical buyer from the tactical procurement team.

OUR COMMITMENTS

- I commit to working towards being an efficient, best-in-class procurement organization that meets QAPCO's needs and objectives
- I commit to timely, high-quality & cost-effective service
- I commit to achieving customer satisfaction with end-users, management and other stakeholders
- I commit to maintaining a culture of continuous improvement with QAPCO Procurement
- I commit to improving my relationship with suppliers
- I commit to fostering organizational success & development, including the development and education of Qatari developers

OUTSOURCING LOGISTICS

As part of our Business Transformation project, in 2016, we extensively use contractors during construction of new projects, and when significant upgrades are made to our existing operations. Contractors provide a source of short-term workforce, as well as specific construction expertise which is not readily available within our workforce.

We also make use of contractors to supplement our own expertise in key areas of our operations. We have a number of long-term (or partnership) contractors who undertake critical components of our operation.

Our use of long-term contractors falls into three broad areas:

- Operations: these are our core functions, and we tend to use contractors only as a supplement to our workforce. In 2016, we used a contract packaging service for bagging our final product. This resulted in a reduction of cost due to organizational optimization..
- Maintenance: contractors are used at most of our sites, due, at least in part, to the specialized nature of some maintenance functions.
- Security, employee transport and catering: while these functions are important to the operation of our sites, they are frequently outsourced to firms that specialize in these activities.

Successful IT implementation of SAP and ARIBA system

A study was conducted in 2014 when our market sales and distribution were outsourced to Muntajat, a marketing and distribution company in Qatar. It was necessary to have an ERP system to manage the software requirements. SAP met the requirements and completely matched our business model and the shared services model. Among other advantages of the cloud-based system of SAP is called ARIBA, it was found that ARIBA would make the procurement cycle reduced, more flexible, would provide efficient technical evaluation and increase supplier network base.

The system also allowed the introduction of E-auctions, an online tool for suppliers to bid on auction lots used by international players.



+SAVINGS

Example: Bidding by multiple players with full visibility leads to a more competitive price



+SPEED

Provides faster auction processes vs traditional negotiations with lowest bidder, e.g. 24h instead of multiple days



FRAUD PREVENTION

Provides audit trail and limits collusion between supplier managers and suppliers

DE-SPECIFICATION

Several of our business requirements in our procedures and operations, such as the bag thickness and bag weights, were found to have the potential for improvements. Consequently, and under our Business Transformation initiative, some cost-effective solutions were proposed, successfully implemented with positive customer satisfaction and important savings.

Reduction of Bag Thickness

The polyethylene granules in QAPCO were packed in bags of 25 kg of granules made of LDPE resin mixed with a certain proportion of linear polyethylene. Reductions of the thickness of these bags were proposed, therefore, reducing the material consumed in the manufacturing of the bags by about 25%, and modifying the raw materials used to be able

to withstand the weight. Several models were manufactured in multiple blends and experiments were conducted in QAPCO and QPPC laboratories. The models were then tested on packaging lines at QAPCO until high performance was achieved. Some quantities that were sent to customers in different countries of the world received satisfactory feedback.

Reduction of Additives

Some additives used in our operations process were reduced and kept at a minimum without jeopardizing our products' performance. Our final products were tested and sent to our customers worldwide who were satisfied with the results.

Amendment of bags weights

The material of the polyethylene granules is usually packed in polythene bags, with net weight of 25 kg +/- 150-250 g. A suggestion was made to reduce and adjust the weight accurately on all packaging lines in QAPCO and Qatofin, and periodically monitor these lines at intervals to ensure the stability of the adjusted weights. The resulted total saved quantities by amending weight differences is estimated to reach more than 1500 tons per year.

PROCUREMENT AND CONTRACT MANAGEMENT

Our Board of Directors Committee manages all contracts through the procurement process, which are expected to comply with QAPCO contract terms, including specific clauses related to corruption, monopoly, competitive behaviors, bribery and fraud. Internal audit functions and whistle blower hotline augment our risk management controls for procurement and contracting. These contracts abide by or exceed the requirements of Qatari labor law in order to ensure that the work environment of the contracted staff is safe and without any physical or mental impediments.

In recognition of the inherent risks associated with labor contracts and the importance of respecting human rights, QAPCO has developed and implemented specific standards and guidelines for labor contracts that include requirements for safety, accommodation, meals, time off, welfare and wages, and remuneration.





APPENDIX

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FINANCIAL STATEMENTS

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Independent auditor's report to the shareholders of Qatar Petrochemical Company (QAPCO) Q.S.C.

Report on the audit of the financial statements

Our opinion

In our opinion, Qatar Petrochemical Company (QAPCO) Q.S.C.'s (the "Company" or "QAPCO") financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of profit or loss for the year then ended;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Other matter

The financial statements for the year ended 31 December 2015 were audited by another firm of auditors who expressed an unqualified audit opinion in their reports dated 28 January 2016.

Independence

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

G4-17

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The Company has maintained proper books of account and the financial statements are in agreement therewith;
- The Company has carried out a physical verification of inventories at the year-end in accordance with properly established procedures; and
- Nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Qatar Commercial Companies law number 11 of 2015, or of its Articles of Association which would materially affect the reported results of its operations or its financial position as of 31 December 2016.

For and on behalf of PricewaterhouseCoopers – Qatar Branch



Mohamed Elmoataz

Auditor's registration number 281
Doha, State of Qatar
26 January 2017

Statement of Financial Position

G4-17, G4-22

| As of 31 December 2016 | 2016 QR'000 | 2015 (Restated) QR'000 | 2014 (restated) QR'000 |
|-------------------------------------|------------------|------------------------------|---------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4,267,674 | 4,534,964 | 4,509,346 |
| Investment in joint ventures | 2,991,172 | 2,991,117 | 3,011,005 |
| Investment in an associate | 31,447 | 28,816 | 28,918 |
| Other non-current assets | - | - | 91,427 |
| Intangible assets | 58,773 | - | - |
| Total non-current assets | 7,349,066 | 7,554,897 | 7,640,696 |
| Current assets | | | |
| Inventories | 259,549 | 174,995 | 181,084 |
| Due from related parties | 961,318 | 955,080 | 1,374,989 |
| Accounts receivable and prepayments | 89,751 | 104,643 | 96,484 |
| Bank balances and cash | 916,949 | 1,144,626 | 1,159,360 |
| Total current assets | 2,227,567 | 2,379,344 | 2,811,917 |
| Total assets | 9,576,633 | 9,934,241 | 10,452,613 |

| | | | |
|-------------------------------------|------------------|------------------|-------------------|
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 436,000 | 436,000 | 436,000 |
| Legal reserve | 87,200 | 87,200 | 87,200 |
| Cumulative changes in fair values | (7,405) | (18,684) | (35,216) |
| Retained earnings | 7,627,863 | 7,953,798 | 8,031,136 |
| Total equity | 8,143,658 | 8,458,314 | 8,519,120 |
| Non current liabilities | | | |
| Employees' end of service benefits | 86,474 | 83,431 | 97,438 |
| Provision for pension obligations | 130,897 | 141,487 | 158,937 |
| | 217,371 | 224,918 | 256,375 |
| Current liabilities | | | |
| Due to related parties | 350,091 | 254,888 | 293,793 |
| Trade and other payables | 144,720 | 142,440 | 244,324 |
| Income tax payable | 118,393 | 139,081 | 161,002 |
| Dividend payable | 602,400 | 714,600 | 977,999 |
| Total current liabilities | 1,215,604 | 1,251,09 | 1,677,118 |
| Total liabilities | 1,432,975 | 1,475,927 | 1,933,493 |
| Total equity and liabilities | 9,576,633 | 9,934,241 | 10,452,613 |



Mr. Mohamed Salem Al-Marri
Chairman of the Board of Directors



Dr. Mohammed Yousef A. Al-Mulla
Managing Director and CEO



Mr. Hassen Saqr Al-Muftah
Chief Financial Officer

Statement of Profit or Loss

For the year ended 31 December 2016

G4-17, G4-22

| | 2016 QR'000 | 2015 (Restated) QR'000 |
|-------------------------------------|------------------|------------------------|
| Revenue | 3,892,829 | 4,039,885 |
| Cost of goods sold | (1,715,600) | (1,615,692) |
| Gross profit | 2,177,229 | 2,424,193 |
| Administration expenses | (329,416) | (335,211) |
| Selling expenses | (179,539) | (198,694) |
| Finance charges | (552) | (1,107) |
| Loss on foreign exchange | 268 | (541) |
| Finance income | 16,808 | 13,562 |
| Share of profit from joint ventures | 854,098 | 759,118 |
| Share of profit from an associate | 4,631 | 2,898 |
| Other income | 74,538 | 89,444 |
| Profit for the year | 2,618,065 | 2,753,662 |

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

| | 2016 QR'000 | 2015 (Restated) QR'000 |
|--|------------------|------------------------|
| Other comprehensive income: Items that may be reclassified subsequently to statement of profit or loss | - | - |
| Profit for the year | 2,618,065 | 2,753,662 |
| Share of fair value movement of interest rate swap from a joint venture | 12,456 | 15,628 |
| Net movement in fair value of forward contracts | (1,177) | 904 |
| Other comprehensive income for the year | 11, 279 | 16,532 |
| Total comprehensive income for the year | 2,629,344 | 2,770,194 |

Statement of Changes in Equity

For the year ended 31 December 2016

G4-17, G4-22

| | Share capital QR'000 | Legal Reserve QR'000 | Cumulative changes in fair values QR'000 | Retained earnings QR'000 | Total QR'000 |
|---|-------------------------|-------------------------|---|--------------------------------|------------------|
| Balance at 1 Jan 2015 (restated) | 436,000 | 87,200 | (35,216) | 7,942,593 | 8,430,577 |
| Reversal of deferred tax liability in joint venture | - | - | - | 247,480 | (247,480) |
| Recognition of pension obligation | | | | (158,937) | (158,937) |
| Balance at 1 Jan 2015 (restated) | 436,000 | 87,200 | (35,216) | 8,031,136 | 8,519,120 |
| Profit for the year | - | - | - | 2,753,662 | 2,753,662 |
| Other comprehensive income for the year | - | - | 16,532 | - | 16,532 |
| Total comprehensive income for the year | - | - | 16,532 | 2,753,662 | 2,770,194 |
| Dividend paid | - | - | - | (2,116,400) | (2,116,400) |
| Dividend payable | - | - | - | (714,600) | (714,600) |
| Balance at 31 December 2015 (restated) | 436,000 | 87,200 | (18,684) | 7,953,798 | 8,458,314 |
| Balance at 1 January 2016 | 436,000 | 87,200 | (18,684) | 7,953,798 | 8,458,314 |
| Profit for the year | - | - | - | 2,618,065 | 2,618,065 |
| Other comprehensive income | - | - | 11,279 | - | 11,279 |
| Total comprehensive income for the year | | | 11,279 | 2,618,065 | 2,629,344 |
| Dividend paid | | | | (2,341,600) | (2,341,600) |
| Dividend payable | | | | (602,400) | (602,400) |
| Balance at 31 December 2016 | 436,000 | 87,200 | (7,405) | 7,627,863 | 8,143,658 |

Statement of Cash Flows

For the year ended 31 December 2016

G4-17, G4-22

| | 2016 QR'000 | 2015 (Restated) QR'000 |
|---|------------------|---------------------------|
| Cash Flows from Operating Activities | | |
| Profit for the year | 2,618,065 | 2,753,662 |
| Adjustments for: | | |
| Depreciation | 287,849 | 284,897 |
| Amortization | 5,541 | |
| Impairment of capital work in progress | 78,802 | |
| Share of profit of joint ventures | (854,098) | (759,118) |
| Share of profit of an associate | (4,631) | (2,898) |
| Provision for non-moving and slow moving inventories | (46,994) | 7,735 |
| Net provision for doubtful debts | 4,608 | 967 |
| Provision for employees' end of service benefits | 18,874 | 23,925 |
| Profit/Loss on disposal of property, plant and equipment | (83) | 305 |
| Finance income | (16,608) | (13,562) |
| | 2,091,325 | 2,295,913 |
| Changes in working capital: | | |
| Inventories | (11,433) | (1,646) |
| Due from related parties | 120,813 | 557,909 |
| Trade and other receivables | 14,892 | (7,139) |
| Due to related parties | 95,203 | (38,905) |
| Trade and other payables | 1,104 | (101,885) |
| | 2,311,904 | 2,704,247 |
| Employees' end of service benefits paid | (18,004) | (41,600) |
| Advances paid/recovered from/(paid against) end of service benefits | 2,173 | 3,668 |
| Payment of pension obligation | (10,590) | |
| Income tax paid | (139,081) | (161,002) |
| Net cash generated from operating activities | 2,146,402 | 2,487,863 |

G4-17, G4-22

| | 2016 QR'000 | 2015 (restated) QR'000 |
|---|----------------|------------------------------|
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (203,475) | (310,820) |
| Dividend received from joint ventures | 866,499 | 794,634 |
| Dividend received from an associate | 2,000 | 3,000 |
| Movement in other non-current assets and liabilities | - | 91,427 |
| Restricted bank balance | - | 13,165 |
| Proceeds from disposal of property, plant and equipment | 489 | - |
| Finance income received | 16,608 | 13,562 |
| Net cash from investing activities | 682,121 | 604,968 |

| | 2016 QR'000 | 2015 (restated) QR'000 |
|--|--------------------|------------------------------|
| Cash Flows from Financing Activities | | |
| Dividend paid | (3,056,200) | (3,094,400) |
| Net cash used in financing activities | (3,056,200) | (3,094,400) |

| | | |
|--|------------------|------------------|
| Net decrease in cash and cash equivalents | (227,677) | (1,569) |
| Cash and cash equivalents at 1 January | 1,144,626 | 1,146,195 |
| Cash and cash equivalent at 31 December | 916,949 | 1,144,626 |

GLOSSARY OF ABBREVIATIONS

| | |
|---------------|---|
| BoD | Board of Directors |
| CBD | Capacity Building Department |
| COP | UN Climate Change Conference Of the Parties |
| CSR | Corporate Social Responsibility |
| EBIDTA | Earnings Before Interest, Depreciation, Tax and Amortization (measure of a company's operational performance) |
| ERP | Enterprise Resource Planning |
| FTE | Full time employees |
| GCC | Gulf Cooperation Council |
| GJ | Gigajoules |
| GPCA | Gulf Petrochemicals and Chemicals Association |
| GRI | Global Reporting Initiative |
| HSE | Health, Safety and Environment |
| IIR | International Integrated Reporting |
| IQ | Industries Qatar |
| KPI | Key Performance Indicator |
| LDPE | Low Density Polyethylene |
| LLDPE | Linear Low Density Polyethylene |
| MENA | Middle East and North Africa |

| | |
|----------------|--|
| MD | Managing Director |
| MT | Metric Tonnes |
| NGL | Natural Gas Liquids |
| OPEX | Operating Expense |
| QAPCO | Qatar Petrochemicals Company Q.S.C |
| QIMC | Qatar Industrial Manufacturing Company |
| QNV | Qatar National Vision |
| QP | Qatar Petroleum |
| QPPC | Qatar Plastics Products Company |
| QAR | Qatari Riyals |
| QU | Qatar University |
| QVC | Qatar Vinyl Company |
| R&D | Research & Development |
| R&I | Research & Innovation |
| RLOC | Ras Laffan Olefins Company |
| SDG | Sustainable Development Goals |
| STEM | Science, Technology, Engineering and Mathematics |
| WFE | Waste Free Environment |
| YTD | Year To Date |

GRI G4

CONTENT INDEX



| General Standard | Description of the indicator | Page No | External Assurance |
|--|---|--------------------------------------|--------------------|
| GENERAL STANDARD DISCLOSURES (in accordance - core) | | | |
| STRATEGY AND ANALYSIS | | | |
| G4-1 | Statement from the most senior decision-maker of the organization | 10 | Not assured |
| ORGANIZATIONAL PROFILE | | | |
| G4-3 | Report the name of the organization | 14 | Not assured |
| G4-4 | Report the primary brands, products and services | 23 | Not assured |
| G4-5 | Report the location of the organization's headquarter. | Doha, Qatar | Not assured |
| G4-6 | Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report. | 22-23 | Not assured |
| G4-7 | Report the nature of ownership and legal form. | 22-23 | Not assured |
| G4-8 | Report the markets served | 40-41 | Not assured |
| G4-9 | Report the scale of the organization | 34-35, 72 | Not assured |
| G4-10 | Report the total number of employees. | 72-73 | Not assured |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements | Trade unions are prohibited in Qatar | Not assured |
| G4-12 | Describe the organization's supply chain | 40-41 | Not assured |
| G4-13 | Report any significant change during the reporting period. | 12-13 | Not assured |

| General Standard | Description of the indicator | Page No | External Assurance |
|---|--|--|--------------------|
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization | 24-29 | Not assured |
| G4-15 | List externally developed economic, environmental and social charters, principles to which the organization subscribes | 10, 46 | Not assured |
| G4-16 | List of memberships of associations | GPCA | Not assured |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | |
| G4-17 | List all entities included in the organization's consolidated financial statements. | 94-101 | Not assured |
| G4-18 | Explain the process of defining the report content and the Aspect boundaries. | 14-17 | Not assured |
| G4-19 | List all material Aspects identified in the process for defining the report content. | 17 | Not assured |
| G4-20 | Report Aspect Boundary for each material aspect within the organization | 14, 17 | Not assured |
| G4-21 | Report Aspect Boundary for each material aspect outside. | 14, 17 | Not assured |
| G4-22 | Report the effect of any restatement of information provided in the previous reports. | 97-101 Limited restatements are made to improve quality and are noted clearly when applicable | Not assured |
| G4-23 | Report significant changes from previous reporting periods in the scope and Aspect Boundaries. | No significant changes | Not assured |
| STAKEHOLDER ENGAGEMENT | | | |
| G4-24 | Provide a list of stakeholder groups engaged by the organization | 15-16 | Not assured |
| G4-25 | Report the basis for identification and selection of stakeholders with whom to engage. | 15 | Not assured |
| G4-26 | Report the organization's approach to stakeholder engagement. | 15-16 | Not assured |
| G4-27 | Report the key topics and concerns that have been raised through stakeholder engagement. | 15-16 | Not assured |
| REPORT PROFILE | | | |
| G4-28 | Reporting period for information provided | 14 | Not assured |

| General Standard | Description of the indicator | Page No | External Assurance |
|---|--|--|--------------------|
| G4-29 | Date of most recent previous report. | June 2016 | Not assured |
| G4-30 | Reporting cycle | Annual | Not assured |
| G4-31 | Provide the contact point for questions regarding the report | 4 | Not assured |
| G4-32 | Report the 'in accordance' option the organization has chosen. | 'in accordance core' Option | Not assured |
| G4-33 | Report the organization's policy and current practice with regard to seeking external assurance for the report. | This report was not checked by a third-party | Not assured |
| GOVERNANCE | | | |
| G4-34 | Report the governance structure of the organization, including committees of the highest governance body. | 24-27 | Not assured |
| ETHICS AND SOCIETY | | | |
| G4-56 | Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics | 22, 46 | Not assured |
| SPECIFIC STANDARD DISCLOSURES (in accordance – core) | | | |
| CATEGORY: ECONOMIC | | | |
| MATERIAL ASPECT: ECONOMIC PERFORMANCE | | | |
| G4-DMA | | 66-67 | Not assured |
| G4-EC1 | Direct economic value generated and distributed | 66-67 | Assured |
| MATERIAL ASPECT: PROCUREMENT PRACTICES | | | |
| G4-DMA | | 69 | Not assured |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | 69 | Not assured |
| CATEGORY: ENVIRONMENTAL | | | |
| MATERIAL ASPECT: ENERGY | | | |
| G4-DMA | | 54-58 | Not assured |
| G4-EN3 | Energy consumption within the organization | 57-58 | Not assured |
| G4-EN5 | Energy intensity | 57 | Not assured |

| General Standard | Description of the indicator | Page No | External Assurance |
|--|---|---------------|--------------------|
| MATERIAL ASPECT: WATER | | | |
| G4-DMA | | 54-56, 61, 62 | Not assured |
| G4-EN8 | Total water withdrawal by source | 61, 62 | Not assured |
| G4-EN10 | Percentage and total volume of water recycled and reused | 61, 62 | Not assured |
| MATERIAL ASPECT: EMISSIONS | | | |
| G4-DMA | | 55-56, 60 | Not assured |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | 60 | Not assured |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | 60 | Not assured |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | 60 | Not assured |
| G4-EN21 | NOX, SOX, and other significant air emissions | 60 | Not assured |
| MATERIAL ASPECT: EFFLUENT AND WASTE | | | |
| G4-DMA | | 61, 62, 63 | Not assured |
| G4-EN22 | Total water discharge by quality and destination | 61, 62 | Not assured |
| G4-EN23 | Total weight of waste by type and disposal method | 63 | Not assured |
| CATEGORY: SOCIAL | | | |
| SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK | | | |
| MATERIAL ASPECT: EMPLOYMENT | | | |
| G4-DMA | | 72-73 | Not assured |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | 73-74 | Not assured |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | 76-78 | Not assured |
| MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY | | | |
| G4-DMA | | 48-53 | Not assured |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | 49 | Not assured |
| MATERIAL ASPECT: TRAINING AND EDUCATION | | | |
| G4-DMA | | 74-75 | Not assured |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | 74-75 | Not assured |

| General Standard | Description of the indicator | Page No | External Assurance |
|--|---|------------------------|--------------------|
| MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITIY | | | |
| G4-DMA | | 73 | Not assured |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 73 | Not assured |
| SUB-CATEGORY: SOCIETY | | | |
| MATERIAL ASPECT: LOCAL COMMUNITIES | | | |
| G4-DMA | | 78-79, 81 | Not assured |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | 78-85 | Not assured |
| MATERIAL ASPECT: ANTI-CORRUPTION | | | |
| G4-DMA | | 78-79, 81 | Not assured |
| G4-SO5 | Confirmed incidents of corruption and actions taken | Zero incidents in 2016 | Not assured |
| SUB-CATEGORY: PRODUCT RESPONSIBILITY | | | |
| MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY | | | |
| G4-DMA | | 46-47, 50 | Not assured |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | 46 | Not assured |
| MATERIAL ASPECT: PRODUCT AND SERVICE LABELING | | | |
| G4-DMA | | 46 | Not assured |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | Zero incidents in 2016 | Not assured |
| MATERIAL ASPECT: COMPLIANCE | | | |
| G4-DMA | | 46-47, 50, 53 | Not assured |
| G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | Zero incidents in 2016 | |



Qatar Petrochemical Company (QAPCO) Q.s.c.

HEAD OFFICE : P.O.Box 756, Doha, Qatar, Tel : (+974) 4033 8000, Fax : (+974) 4432 4700

PLANT : P.O.Box 50155, Mesaieed, Qatar, Tel : (+974) 4477 7111, Fax : (+974) 4477 1346

Website : www.qapco.com, Email : information@qapco.com.qa