



INTEGRATED REPORT 2017

# GROWTH AND RESILIENCY



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**His Highness  
Sheikh Tamim Bin Hamad Al-Thani**

Amir of the State of Qatar



**His Highness  
Sheikh Hamad Bin Khalifa Al Thani**

The Father Amir

# ABOUT THIS REPORT

## WELCOME TO OUR FOURTH INTEGRATED REPORT ON SUSTAINABILITY MANAGEMENT AND THE CREATION OF VALUE ACROSS ECONOMIC, SOCIAL AND ENVIRONMENTAL DIMENSIONS AT THE QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.

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 in the year 2017.

This report has been prepared in accordance with the GRI Standards: Core option. This report also follows the guidelines provided by the International Integrated Reporting Council (IIRC). To view the GRI Content Index, please see Appendix D.

This report covers QAPCO's financial and non-financial performance for the period 1 January 2017 to 31 December 2017. 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 our two majority-owned and operated joint ventures, Qatofin Company Limited (Qatofin) Q.P.J.S.C. and Qatar Vinyl Company (QVC) Q.P.J.S.C. 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.

We welcome your feedback on this report and on our performance. As we seek to continually improve upon our performance and reporting, we believe open communications with our stakeholders is important.

**Contact us at [sustainability@qapco.com.qa](mailto:sustainability@qapco.com.qa)**

### CAUTIONARY STATEMENT

For the purposes of this report, Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. and its subsidiary companies, Qatofin Company Limited (Qatofin) Q.P.J.S.C. and Qatar Vinyl Company (QVC) Q.P.J.S.C., 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.

# CHAIRMAN'S MESSAGE



IT IS MY PLEASURE TO INTRODUCE QATAR PETROCHEMICAL COMPANY'S FOURTH ANNUAL INTEGRATED REPORT. THIS REPORT CONTAINS OUR FINANCIAL AND SUSTAINABILITY PERFORMANCE DURING 2017 AND HIGHLIGHTS OUR ECONOMIC, SOCIAL, AND ENVIRONMENTAL PERFORMANCE AND ACHIEVEMENTS OVER THE YEAR.

Despite the many challenges posed by the illegal blockade launched against Qatar on June 5, 2017, both Qatar and its domestic corporations, including QAPCO, have proved to be amazingly resilient in the face of the blockade. Although some business relationships were disrupted, QAPCO was able to effectively manage its supply chain with continuing access to the materials we rely on for our operations.

The business continuity plan QAPCO immediately implemented, along with our comprehensive integrated risk management system, were fundamental to the company's ability to respond quickly to the circumstances. As a result, QAPCO has continued to advance the sustainable long-term growth of our operations, while also helping to implement the Qatar National Vision 2030 in partnership with our many local partners.

In fact, 2017 turned out to be a landmark year for QAPCO, as a result of several initiatives undertaken by the company, for example, this year by integrating the Qatar Vinyl Company (QVC). Our objective was to enhance our competitiveness and financial performance, while boosting the resilience of both companies by achieving synergies in size, service and reliability. Through this diversification of our holdings and petrochemical products, we expect to be able to deliver higher performance through the sharing of leadership, talent, resources and capabilities.

We invite you to learn about the many factors contributing to our dynamic and sustainable growth in 2017 in the following report.

**Mr. Abdulaziz Jassim M. Al-Muftah**

Chairman of the Board of Directors

## OUR VISION



### PROSPERITY THROUGH INNOVATION

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

## OUR 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.

## 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. We seek to retain talent and foster a collaborative and supportive environment.

### 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.



# ABOUT QAPCO

BASED IN THE STATE OF QATAR, QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C. IS ONE OF THE WORLD'S LARGEST AND MOST SUCCESSFUL PRODUCERS OF LOW-DENSITY POLYETHYLENE (LDPE). QAPCO WAS ESTABLISHED IN 1974 AS THE FIRST PETROCHEMICAL COMPANY IN THE ARABIAN GULF BY QATAR PETROLEUM (QP) AND CHIMIE DE FRANCE. TODAY, 80% OF QAPCO'S SHARES ARE HELD BY INDUSTRIES QATAR (IQ) AND THE REMAINING 20% ARE HELD BY TOTAL PETROCHEMICALS FRANCE.

## OUR JOINT VENTURES

QAPCO has invested directly and indirectly in four associated ventures that contribute to Qatar's downstream petrochemicals sector. In its efforts to support the Qatar National Vision (QNV), QAPCO's joint ventures and associated companies allow it to develop and diversify Qatar's downstream petrochemical market; this will stimulate new growth opportunities for revenue creation and employment, thereby helping Qatar realize its full potential in this industry.

### QATOFIN

Qatofin was established in 2010 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%).

### 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.

### QVC - Qatar Vinyl Company

QVC was established in 1997 as a limited Qatari shareholding company, and QAPCO began fully operating QVC plants as of 2017. The company's shareholders are Mesaieed Petrochemical Holding Company (55.2%), Qatar Petrochemical Company (31.9%) and Qatar Petroleum (12.9%).

### QPPC - Qatar Plastics Products Company

QPPC was established in 1998 and started commercial production in 2000 of plastic film, used for industrial packaging. QPPC now produces a wide range of products, including WPC (wood plastic composite), form fill seal, shrinkable films, shrinkable hood, construction foil, blue and black sleeving, greenhouse and agricultural films, top-open bags, heavy duty trash bags, and general-purpose foil. QPPC is equally shared between QAPCO and Qatar Industrial Manufacturing Company (QIMC).

# OUR VALUE CHAIN

Welcome to our fourth integrated report on sustainability management and the creation of value across economic, social and environmental dimensions at the Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.

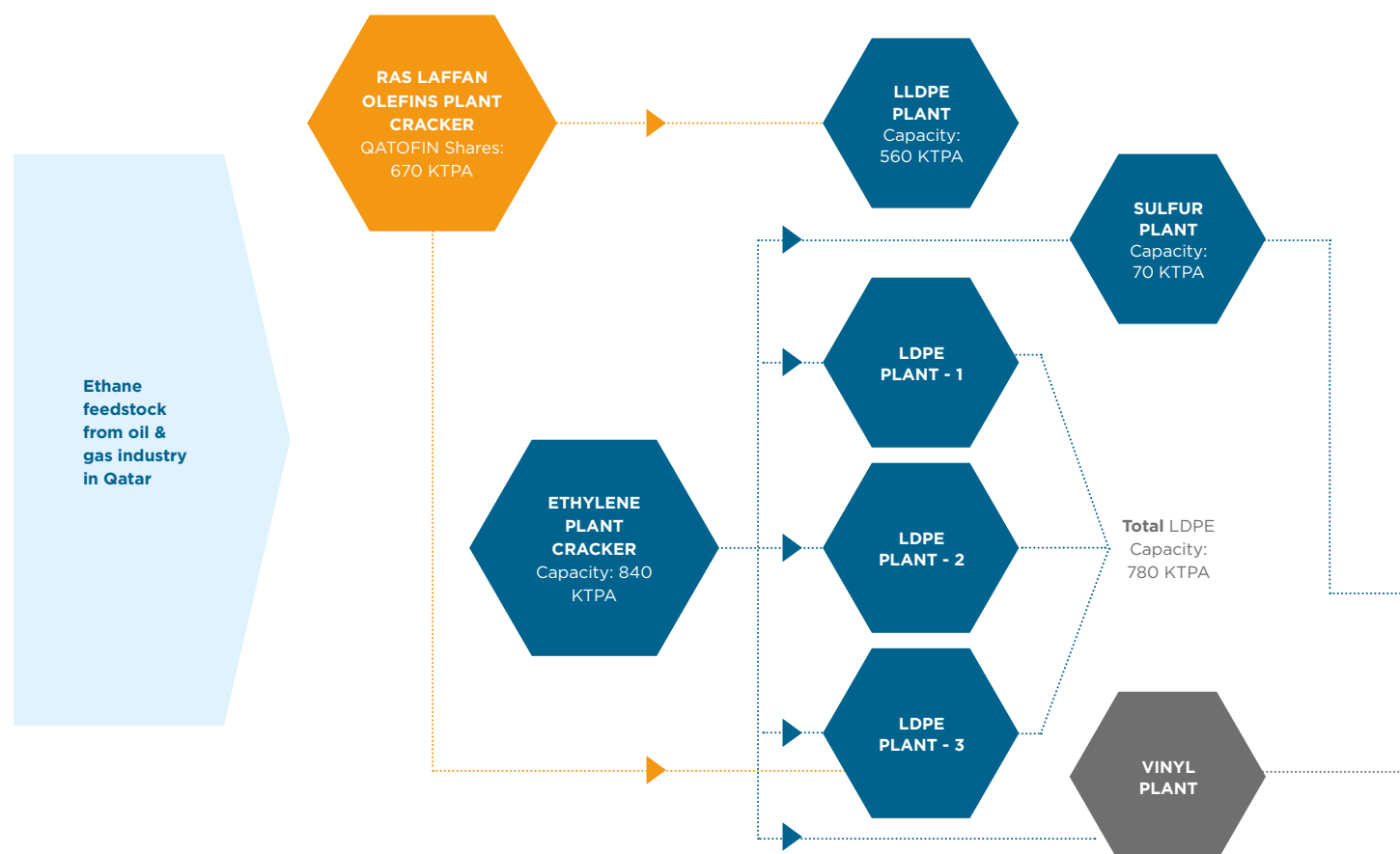
From this, we produce ethylene, which we then transform into our primary product, low-density polyethylene (LDPE). LDPE is a basic plastic polymer that is derived from oil and natural gas. It is used in millions of products that we encounter in our daily lives. In fact, LDPE is the most commonly used type of plastic and even plays a key role in the development of green building solutions.

Through our subsidiary Qatofin, we produce linear low-density polyethylene (LLDPE). Following this year's integration with QVC, QAPCO now produces

caustic soda, ethylene dichloride (EDC), vinyl chloride monomer (VCM), and hydrochloric acid solution as well.

We always seek new, innovative business ventures to enrich our portfolio and that add value to our company and the State of Qatar. In collaboration with Noble Global Logistics (NGL) and QP Refinery, we are extracting sulphur from our processed streams, recycling product that would otherwise be wasted byproduct. Due to the purity and low moisture content of our sulphur, it is always in high demand.

Since July 2013, our products are marketed and sold exclusively through Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C. under the Lotrène brand.





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
- Cable coating

In high demand: Pure and low moisture content

Treatment and export mainly to the Indian sub-continent

Chlorine unit	<b>370,000 MTPA</b>
Vinyl Chloride Monomer unit	<b>355,000 MTPA</b>
Ethylene Di-chloride unit	<b>180,000 MTPA</b>
Power Plant	<b>130 MW</b>

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

# CORPORATE GOVERNANCE

AT QAPCO, WE CONSTANTLY WORK TO EARN THE TRUST OF OUR SHAREHOLDERS AND STAKEHOLDERS THROUGH TRANSPARENCY AND GOOD CORPORATE GOVERNANCE.

We recognize that these measures are essential to delivering value to our shareholders and maintaining trust with our stakeholders. We are committed to upholding strong governance standards and implementing sound practices to ensure that our business is operated with integrity. The Board of Directors (BoD) is the highest governing body at QAPCO and represents the interests of QAPCO and its shareholders, always maintaining balance and fairness.

Our BoD is comprised of 10 members, whose credentials have prepared them to guide the strategic direction of QAPCO and its associated ventures. Their ability to challenge and add value to management is an asset to QAPCO. 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 is done in accordance with Article 19 & 20 of QAPCO's Articles of Association.

## BOD CHARTER

QAPCO's BoD Charter was developed in cooperation with its shareholders. The charter outlines the basis for the sound management of our performance, risk, and operations.

As per the charter, all members of the BoD must sign a conflict of interest declaration on a yearly basis. Further embedding our commitment to transparency within our company, all employees, including management, are required to declare any conflicts of interest. These declarations are then addressed through the Conflict of Interest Committee, which issues annual reports pertaining to conflict of interest investigations and actions taken. In 2017, all members of the BoD submitted their Declaration of Interest.

The Chairman of the Board's responsibilities are outlined in the Articles of Association and the Board Charter. In collaboration with QAPCO's shareholders, the Chairman is responsible for evaluating the performance of the Board and for reporting any case of conflict of interest by any of the Directors to the Shareholders.

## Board Committees:

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

## Corporate Committees:

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



## OUR BOARD OF DIRECTORS



Mr. Abdulaziz Jassim M. Al-Muftah  
Chairman



Sheikh Khalid Abdulla  
M. A. Al-Thani  
Vice Chairman



Dr. Mohammed Yousef Al-Mulla  
Managing Director and CEO



Mr. Hamad Salah A. M. Albaker  
Board Director



Mr. Fahad Mohd A. Al-Khater  
Board Director



Mr. Khalid Khalifa M. K. Al-Jalahma  
Board Director



Mr. Yousef Mubarak A. B. Al-Sulaiti  
Board Director



Mr. Francois Good  
Board Director

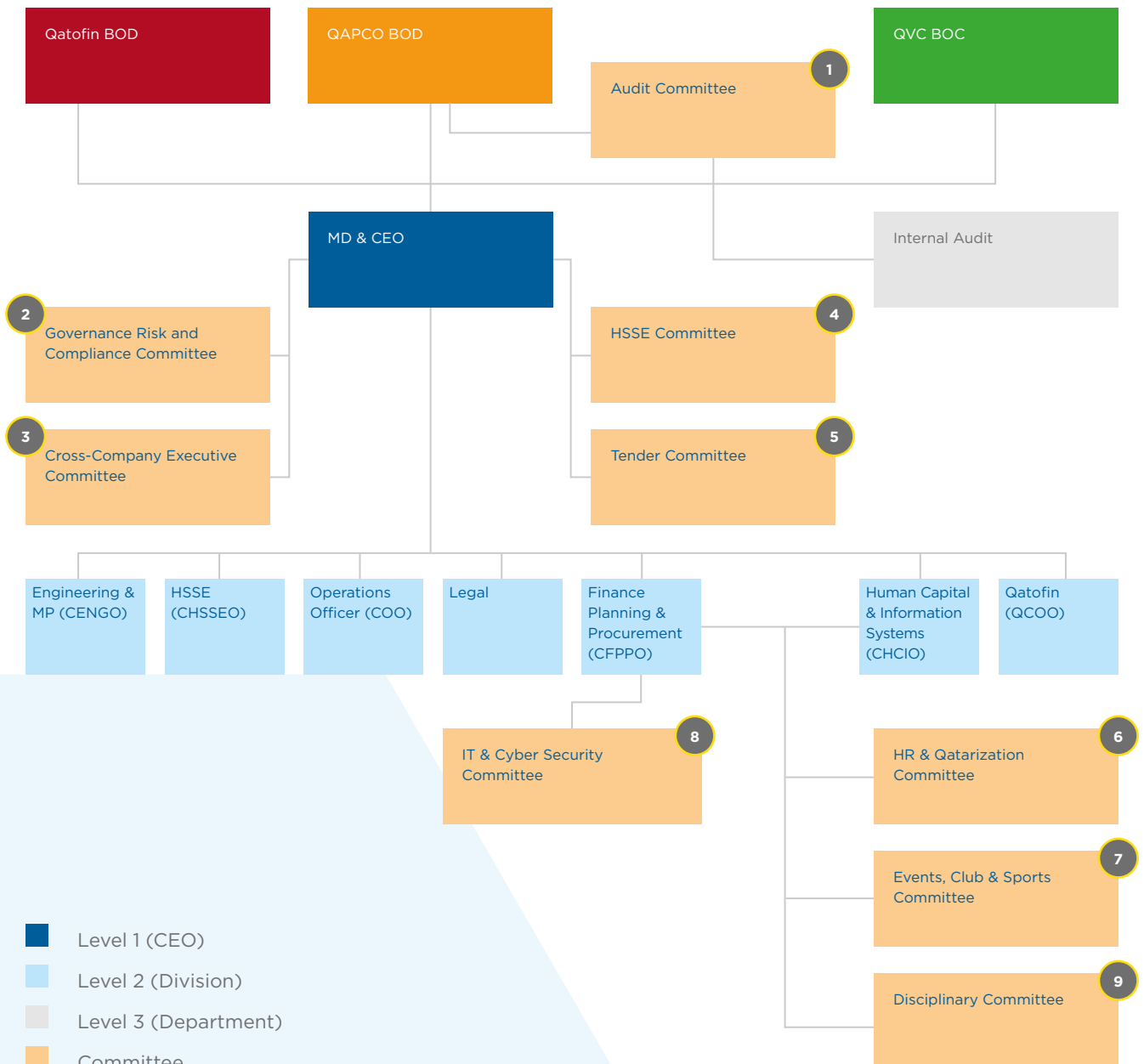


Mr. Philippe Legrand  
Board Director



Mr. Jean-Marc Sohier  
Perm. Alt. Board Director

## OUR GOVERNANCE STRUCTURE





# 2017 HIGHLIGHTS & ACHIEVEMENTS

## 3.2 MILLION TONNES

Total production (Polyethylene  
+ Ethylene + Sulphur + Ethylene  
Dichloride (Gross) + Vinyl Chloride  
Monomer + Caustic Soda +  
Hydrochloric Acid)



## 6th

Qatarization Crystal  
Award earned

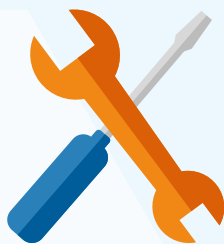
High Performance

## SAFETY CULTURE

Project commenced

## 72%

Local procurement  
(QAPCO + QATOFIN + QVC)



QAPCO Chair of

## SUSTAINABLE ENVIRONMENT

created at Qatar University

## QR 4.0 BILLION

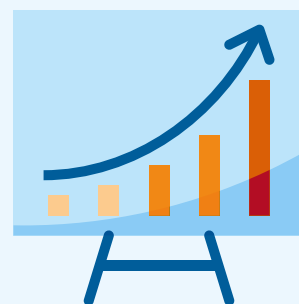
QAPCO revenues

## QR 2.5 BILLION

QATOFIN revenues

## QR 1.6 BILLION

QVC revenues





QAPCO gross profit

**QR 2.0**  
BILLION



QATOFIN gross profit

**QR 1.3**  
BILLION



QVC gross profit

**QR 0.52**  
BILLION



GHG intensity reduction since 2013

**9%**

QAPCO: 0.78 MT CO<sub>2</sub>e/tonne of productionQVC: 0.77 MT CO<sub>2</sub>e/tonne of productionNO<sub>x</sub> intensity reduction since 2013 (QAPCO)

**24%**

SO<sub>x</sub> intensity reduction since 2013 (QAPCO)

**62%**



Contractor loss time injury rate

**0**



# EXECUTIVE SUMMARY

**Dr. Mohammed Yousef Al-Mulla**  
Managing Director & CEO



Since QAPCO's establishment in 1974, we have focused on progressively expanding the growth and profitability of our company, while also supporting the success of our employees, Qatari society, and Qatar's national economy. With this report, QAPCO examines, for the fourth consecutive year, the integrated progress of our initiatives to achieve this vision through sustainable, responsible innovation and growth.

2017 was a particularly challenging year. The illegal blockade of Qatar, however, has served as a positive catalyst in the diversification of Qatar's economy, the formation of new and beneficial strategic global partnerships, and an acceleration of Qatar's passage to self-sustainability and independence. We, at QAPCO, are committed to aligning our strategies with the Qatar National Vision 2030, always supporting the sustainable development of Qatar's ever-growing economy.

Overall, QAPCO was able to improve operational efficiency and cost optimization, and to achieve strong operating and financial results, with a net profit before tax of QR 2.4 billion and total sales of QR 4.0 billion generating a net profit margin of 60.7%. If product prices continue to increase with oil prices and we maintain our production reliability, we expect further revenue growth next year.

QAPCO's focus on long-term thinking and sustainability were crucial in enabling the company to successfully rise above the exceptional circumstances it faced during 2017. Historically, QAPCO has focused on one key theme in its integrated report; however, one theme would not adequately demonstrate the perseverance and resiliency QAPCO displayed over the past year. As a result, this year's integrated report places a special emphasis on three key themes that have characterized the year 2017: Business Continuity Management, the QAPCO-QVC Integration Project, and the High-Performance Safety Culture Project (HPS).

**QR 2.4 bn**

Net profit before tax





### GEOPOLITICAL CONTEXT

In June of 2017, the land, sea and air illegal blockade imposed on Qatar placed an immediate threat on the continuity of our operations. In order to ensure smooth operations and the availability of materials and other business requirements, an emergency crisis management session was convened the same day the blockade was announced. From day one, we diligently activated our effective business continuity plan to sustain safe business operations both under crisis conditions and normal operations. The plan was activated, and our operations experienced no disruptions. We are confident that we are operating with more security, as we are more prepared to manage risks as they emerge.

The 2017 blockade has underlined the importance of developing and supporting domestic manufacturers and supply sources which will ensure reliable business continuity and minimize risks to our operations. We are proud to contribute to the strengthening of Qatar in this and other ways, while also meeting or exceeding our commitments to our shareholders.

“WE LAUNCHED OUR HIGH PERFORMANCE SAFETY CULTURE (HPS) PROJECT IN ORDER TO OPTIMIZE THE PROTECTION OF OUR WORKERS THROUGH IMPROVED PERSONAL AND PROCESS SAFETY AND TO ENSURE THE SAFETY AND RELIABILITY OF OUR OPERATIONS”

### QVC INTEGRATION

QAPCO's year was distinguished by the integration of the Qatar Vinyl Company (QVC). In February of 2017, Qatar Petroleum announced the decision to integrate the activities of QVC into QAPCO to strengthen their relative global positions, particularly through the realization of synergies possible through creating a single entity that operates the assets on behalf of both companies' shareholders.

QAPCO and QVC successfully integrated in July 2017. During the following 6-month period, QAPCO delivered higher performance through the sharing of leadership, talent, resources and capabilities, realizing significant synergies across multiple business and functional areas.

### HIGH-PERFORMANCE SAFETY CULTURE PROJECT

One of our priorities in 2017 was to build a stronger safety culture. In June, a company-wide safety assessment was initiated that provided valuable insights, and a rigorous training plan was developed to meet the challenges presented. As an immediate response, we launched our High-Performance Safety Culture (HPS) project in order to optimize the protection of our workers through improved personal and process safety and to ensure the safety and reliability of our operations.

This year's HPS successfully trained over 1,400 participants, accumulating over 8,400 man-hours of training. The program has made a visible change in the way we approach personal and process safety as a company, and we are determined to continue this essential journey, further enhancing our collective ability to protect our people and assets. Although we are proud of the HPS achievements we made, we cannot ignore the conditions that guided us in this direction.

# QAPCO'S ON-GOING JOURNEY

## THE QAPCO-QVC INTEGRATION PROJECT

QAPCO'S BUSINESS TRANSFORMATION (BT) JOURNEY BEGAN IN 2014, IN ANTICIPATION OF UPCOMING MARKET CHANGES AND GEOPOLITICAL VOLATILITY.

We took this journey, to strategize QAPCO's development to grow in line with the IQ Growth strategy. In 2015, we developed the QAPCO Full Potential (QFP) program to run parallel with our BT efforts. QFP focused on cost optimization strategies and maximizing our full potential. BT recommendations formed over two years were implemented in 2016, resulting in changes in our organizational structure, governance, and technology. This year was marked by the furthering of these BT goals and the integration of the Qatar Vinyl Company (QVC).

The QVC integration was planned by Qatar Petroleum (QP) to integrate the activities of QAPCO and QVC to strengthen their positions in the international market and to create higher value for the State of Qatar and all our stakeholders. The legal entities and brands of QAPCO and QVC have not changed. QVC will continue to own its existing assets, and the integrated organization is now housed within QAPCO, which now fully operates the assets of both companies.

This integration will increase the efficiency and effectiveness of both companies and streamline operations. Given our long-term partnership with QVC, the integration was a natural next step, allowing for increased synergies between our companies, which have already been working together and sharing facilities for many years.

This integration took our relationship one step further, creating one high-talent organization with a shared culture, governance, procurement framework, IT system, legal entity, and budget process. The two companies will remain, however, as two distinct listed entities, each with their own shareholders and brand name.

Overseeing the integration process and ensuring a smooth transition, QP formed a Steering Committee, an Integration Management Office (IMO), and Integration Taskforces. Each of these three bodies was comprised of leadership from the two companies and

focused on their specialty, covering aspects like Legal, IT, Organization, Finance, Operations and Procurement.

For the duration of 2017, there were no changes to the Operations and Technical functions of either QAPCO or QVC. This year, these operations continued to function within their distinct companies. In 2018, we are planning to have a full integration of the Operations and Technical functions, further increasing the potential of this project.

QAPCO's and QVC's policies were incorporated and applied to benefit all employees. The employees who were requested to participate in combined operations were converted to the updated contracts by 1st of July. Throughout the integration process, we aimed to make the transition as smooth as possible for all our staff, always treating them fairly and respectfully and providing them with the information affecting them as soon as possible.

Our Integration Plan spanned over three phases. The first phase was completed on time in July 2017 and consisted of QVC and QAPCO operating as one company, beginning the synergy process through integrating support functions. The second phase went live two weeks ahead of schedule, at the end of 2017. In this phase, we integrated core technical functions and expanded our operational synergy. In 2018, we will complete the integration process, with the full integration and optimization with the companies under QAPCO.

This exercise has already achieved substantial cost reduction for the three entities operated by QAPCO, as well as allowed for better budgeting processes and unified cost allocation. Under one governance with one delegation of authorities, we have experienced increased productivity with synergized operations.





# OUR CORPORATE STRATEGY

QAPCO'S BUSINESS STRATEGY HAS BEEN FORMULATED TO ENABLE US TO SUSTAIN, DIFFERENTIATE, EXPAND AND INNOVATE.

Our strategic initiatives included Business Transformation, SAP implementation, Procurement Excellence, QAPCO Full Potential (Cost Improvement), Talent Management System implementation, Operational Excellence, integration with QVC, and execution of major projects. In 2017 we were able to reinforce the foundations by bringing to full completion initiatives launched in 2014.

QAPCO's Strategy has been developed in accordance with Qatar National Vision 2030, Qatar Petroleum (QP) and Industries Qatar (IQ). Our mission and vision are driven by five main pillars: Operational Performance, Sustainability, Financial Performance, Customer Satisfaction and Innovation.

One of the most important initiatives that will continue to be our focus until 2020 is QAPCO Full Potential. QFP's Operational focus in 2017 was on efficiency, margin improvements and variable cost reduction; mainly through procurement, synergy and process improvements. The scope of this program will continue to expand as we maintain regular assessment of our performance against industry benchmarks and strive to be in the first quartile. Vital improvement opportunities will also be captured alongside other improvement initiatives.

Another area of focus in 2017 was the optimization of ethylene allocation based on contribution margins. Through this initiative QAPCO was able to achieve substantial bottom-line improvement by maximizing derivatives with highest contribution.

## OUR APPROACH TO RISK MANAGEMENT

Essential to our corporate strategy is managing our risk. In collaboration with the Governance Risk and Compliance Committee, QAPCO's Board of Directors is ultimately accountable for risk and is committed to sustaining effective risk management processes while pursuing our strategic objectives. Risk management is at the core of decision-making at QAPCO. It is integrated into our strategy to effectively mitigate and minimize risk across our operations.

QAPCO's philosophy on Enterprise Risk Management (ERM) is the proactive management of risks concurring while taking advantage of opportunities. Our ERM structure aligns with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and industry standards, like ISO 31000.

QAPCO has also adopted a comprehensive integrated risk management system. The system is implemented and managed through QAPCO's risk management function whose primary role is to design, implement, and monitor the process of ERM and its integration into the day-to-day activities of the whole organization.

Within QAPCO, risk management plays a key role in decision-making processes at all levels of the organization. It is fundamental to our ability to effectively respond to evolving threats and opportunities.

**RISK REPORT FOR END 2017**

The majority of risk originates from production operations and Health, Safety, Security and Environment (HSSE), as is typical in our industry. Relative to our risk universe, most of the risks (88%) are managed within QAPCO's risk tolerance, and only twelve of the risks exhibit high residual risk ratings or higher, out of which two are emerging external risks.

QAPCO's key risk areas for 2017 were Operations, HSSE, Information Security, Information Technology, and Legal.

**RISKS TO STRATEGIC OBJECTIVES**

	STRATEGIC OBJECTIVE	RISKS	STRATEGY
OPERATIONS	<ul style="list-style-type: none"> <li>• Increase productivity</li> <li>• Ensure high operational efficiency</li> </ul>	<ul style="list-style-type: none"> <li>• Cyber-attack / intrusion on critical controls in the industrial control systems at the plant</li> <li>• Failure of major equipment and decrease in equipment reliability</li> <li>• Deterioration of plant integrity due to corrosion, erosion and obsolescence</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of revised Incident Response and Industrial Control System security policies and procedures</li> <li>• Implementation of Risk Based Inspection program</li> <li>• Condition based monitoring program</li> </ul>
CUSTOMER	<ul style="list-style-type: none"> <li>• Achieve superior customer service quality</li> </ul>	<ul style="list-style-type: none"> <li>• No significant risks</li> </ul>	
SUSTAINABILITY	<ul style="list-style-type: none"> <li>• Improve HSE and CSR performance</li> </ul>	<ul style="list-style-type: none"> <li>• Inadequate/Poor safety culture</li> <li>• Failure to ensure safety of work environment</li> <li>• Inability to respond effectively to a major incident or a crisis</li> <li>• Failure to meet and monitor compliance obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Implement HPS program</li> <li>• Development and implementation of 12 Golden Rules</li> <li>• Zero lost time injury philosophy and commitment in all our activities</li> <li>• Initiatives to enhance safety performance with strict HSE performance targets</li> <li>• Process safety management system</li> <li>• Integrated emergency management capability with Mesaieed Industrial City (MIC)</li> <li>• Business Continuity Management (BCM) and Enterprise Resource Planning Review program</li> <li>• Implementation of regulatory and legal compliance management system</li> </ul>
FINANCIAL	<ul style="list-style-type: none"> <li>• Maximize creation of value for the shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Geopolitical situation: Political and social instability in the region may lead to conflicts, trade and travel embargos, violence, sabotage and attacks</li> <li>• Inability to continue or resume operations in the event of a significant incident</li> </ul>	<ul style="list-style-type: none"> <li>• Rationalization of suppliers</li> <li>• Re-routing of logistics and supply routes</li> <li>• Implementation of BCM strategy</li> <li>• Review of QAPCO's BCMS</li> </ul>



### EMERGING RISK THEMES

QAPCO defines emerging risks as any uncertain future events, external to QAPCO, which may be beyond the organization's direct capacity to control, that are difficult to measure or quantify, unpredictable in nature, maybe without historical precedent, or events that could potentially have a significant or unforeseen impact on the business, including the following:

- Escalation of the geopolitical situation
- Changes in global market conditions (Feedstock cost, oil price volatility, expansions)
- Security threats (IT&IS)
- Regulatory changes

We continue to monitor the external environment to proactively identify emerging risk themes and develop risk response strategies accordingly. The outlook suggests that the risk environment for the future will be dominated by market conditions, the regional geopolitical instability, cost efficiency and production reliability.

### KEY OUTCOMES

QAPCO currently monitors 11 residually high risks and 1 residually extreme risk, which is a 60% improvement from the previous year. The residual extreme risk for the reporting period arises from the cybersecurity threat level and its perceived frequency of occurrence in the industry. QAPCO has been successful in executing its risk reduction measures to reduce its risks to within acceptable levels. Significant steps have been taken in the improvement of overall business resilience with respect to IT, emergency response, crisis management and business continuity management.

### MANAGING OUR RISK THROUGH OUR BUSINESS CONTINUITY PLAN (BCP)

Business Continuity has perpetually been an utmost priority for QAPCO. This was demonstrated by the various continuity strategies which are built in our daily operations, the availability of a Business Continuity Plan to address major business disruptive events, and investments, as was seen in 2017.

The challenges arising from the severing of economic and diplomatic relations in June 2017 has been a true test of QAPCO's ability to manage the impact of a major disruptive event. QAPCO was not only able to recover from the operational impact of these ongoing events but further developed into a more resilient organization. The event prompted QAPCO to strengthen its supply chain further amongst other several key learnings.

An emergency crisis management meeting convened after the public announcement of the illegal blockade on June 5th, 2017. Quickly afterwards, we identified and mapped potential supplier and cost implications, as well as prepared a comprehensive business continuity scenario risk and impact analysis and risk dashboard. The primary objective of the BCP was to provide a simple and clear framework, as well as processes to resume business activities for operators across QAPCO, Qatofin, and QVC to follow, should a disruption occur.

The 2017 year also marked the year in which we launched a full fledge Risk Based BCM Program to further enhance our overall business resilience. The program looks into departmental level business resilience and aims at ensuring that each area of the business is independently able to sustain the effect of a disruption and maintain its core operations. As part of this effort, a comprehensive BCM training program was launched to ensure awareness and skills remain adequate. Key results of the BCM activities are also closely integrated with the ERM program to cover all risk exposure.

The year also provided an occasion for the Business Continuity related disciplines (emergency response, IT resilience, crisis communications and business continuity planning), to be further integrated towards a more seamless response to incidents.

Overall, 2017 has provided several opportunities for QAPCO to reinforce its BCM capability and further enhance its resilience. Those opportunities were fully embraced and have shaped a roadmap for further enhancements to be made so that QAPCO always remains an example of excellence in the industry.

60%

improvement from  
the previous year  
on risk monitoring



# OUR SUSTAINABILITY MANAGEMENT APPROACH

Preparing ourselves for long-term success, sustainability management is crucial to our risk management. In line with the Qatar National Vision 2030, QAPCO is concerned not only with our success in the current market, but also with securing sustained, long-term growth for QAPCO, the State of Qatar, and its citizens.

Climate change, globalization, and geopolitical uncertainty provide significant challenges for our business, but also significant opportunities for improvement and innovation.

We strive to always act responsibly, continuously improving our efforts to mitigate our environmental impacts, while also contributing positively to Qatar's rich economy and society.



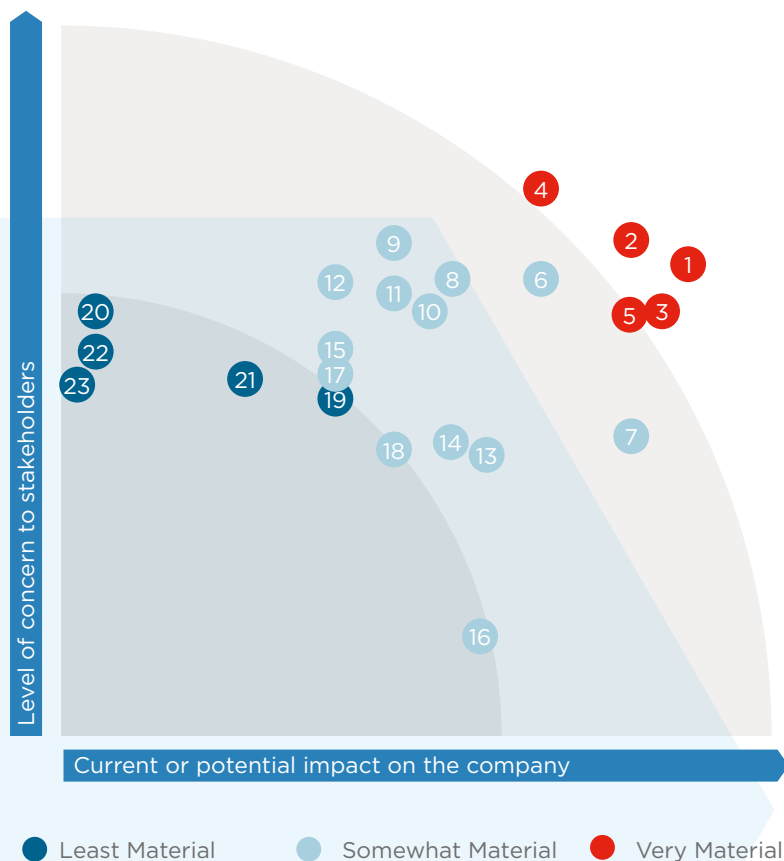
## MATERIALITY ASSESSMENT

Engaging with stakeholders forms a vital part of our daily activities and reporting process. We believe that open communication with our stakeholders adds value to our business, and that balancing the needs, priorities and expectations of our stakeholders is an essential driver of building a more sustainable business.

As part of our annual reporting process, we survey our stakeholders to allow them to rank the issues that matter to them the most. Through this exercise, we can better understand our stakeholders' priorities and how they evolve over time. This provides us with valuable insight into how we should organize our efforts to address issues that are the most material, and in turn will create the most value for not only stakeholders, but our business as well.

We have identified 23 material issues for this year's material assessment. The materiality matrix below maps each issue's relative importance and ranking.

## MATERIALITY MATRIX (2017)



RANK	ISSUE
1	Occupational/workplace health and safety
2	Asset integrity and process safety
3	Financial performance
4	Anti- corruption
5	Regulatory compliance
6	Product quality and innovation
7	Employee well-being
8	Environmental protection
9	Consumer health and safety
10	Customer satisfaction
11	Human rights and labor standards
12	Training, education and career development
13	Community investment and engagement
14	Local procurement
15	Energy management and efficiency
16	Product labeling and responsible use
17	Effluent and waste management
18	Local hiring and talent development
19	Water management
20	Operational growth
21	Climate change - Air and GHG emissions
22	Diversity, equal opportunity and non-discrimination
23	Alternative energy sources

# ENHANCING OUR OPERATIONS

**Yousef Abdulla Al Rabeeh**  
Chief Operations Officer

At QAPCO, we are proud to be a leader in the petrochemical industry. Our success can be attributed to our drive for innovation and creating increased value for our customers and society through our strong polymer value chain. Our focus is on optimizing our operations at all levels. This year, we successfully achieved quality rate of 98.1%.

Furthering our optimization strategies, we work to embed sustainable practices at all levels of our operations. Our integrated management approach embeds processes for the recognition and leverage of connections throughout QAPCO. This has facilitated our continuous development, unlocking new potential our use of associated and non-associated ethane gas from petroleum production.

The successful integration of QVC with QAPCO this year has led to synergized operations, cost reduction, and increased productivity. When the integration is completed in 2018, with the optimization of technical and operational functions, we expect to see further increase in profitability and productivity.



Performance Summary	2015	2016	2017
Customer			
Customer Satisfaction (%)	-	73	70
Customer claim/complaint resolution rate (%)	-	-	100
Technical Query Response rate (%)	97	98	98
Operations			
Product handling performance (%)			
Total handling loss / total product stuffing	0.011	0.009	0.004
Quality rate (%)	97.8	98.5	98.1
Ethylene yield (%)	74.7	74.6	74.8
Preventative maintenance completion (%)	-	76	94

### PERFORMANCE OF OUR OPERATIONS

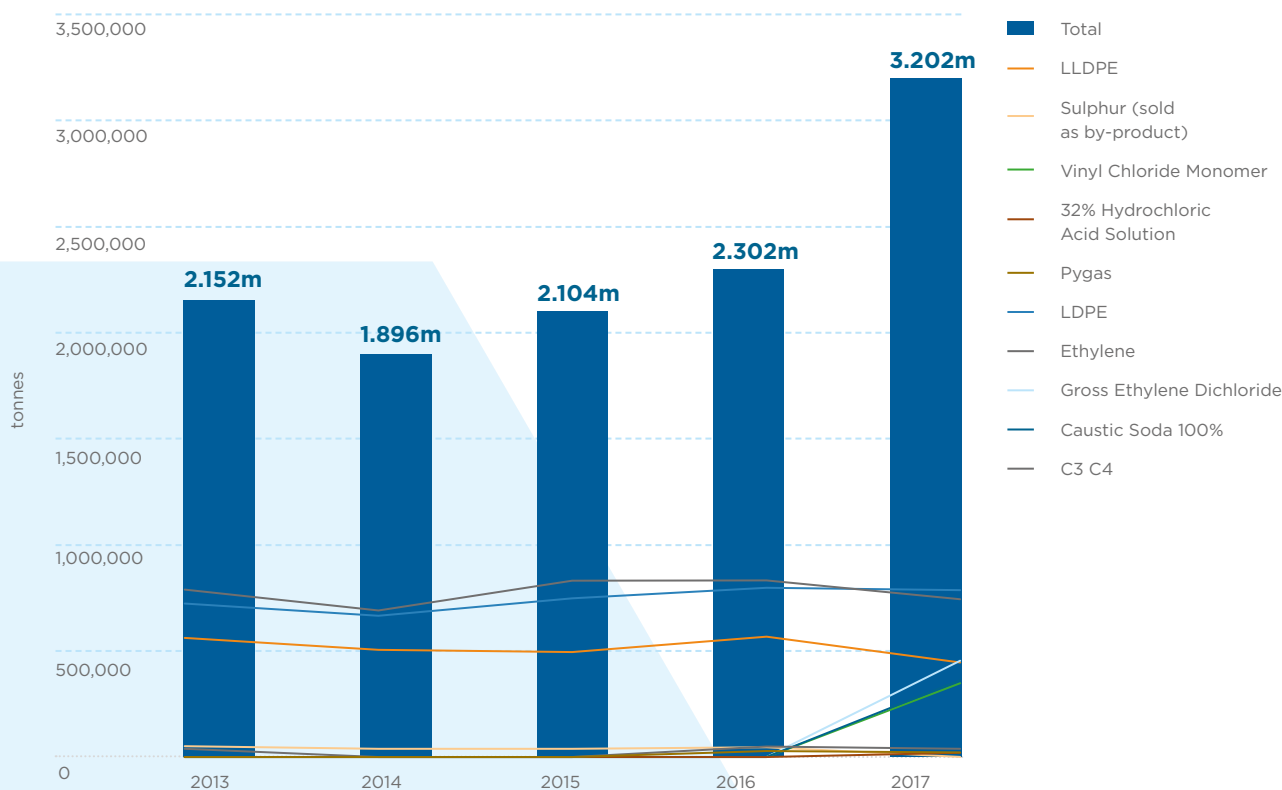
QAPCO's operations are comprised of state-of-the-art facilities, which allow us to efficiently produce our quality products. Our ethane cracker converts ethane, a by-product from natural gas extraction, into one of our products, ethylene. The cracker was originally designed for a capacity of 280,000 tonnes/year of polymer-grade ethylene and has since been expanded to meet growing demand for ethane-based products in the region and globally.

QAPCO currently produces approximately 800 kilo metric tonnes (KMT) per year of ethylene from ethane, which comes from different sources in Qatar's oil and gas industry. The ethylene is consumed in the low-density polyethylene (LDPE) plants and by QVC.

Our facilities feature upstream units for ethane-feedstock production from associated ethane-rich gas, downstream units for sulphur production (approximately 70,000 tonnes/year) and polyethylene production (1.2 million tonnes/year), a utilities center,

a storage area for ethane, ethylene, propylene, and sulphur, as well as loading facilities for ethylene import and export.

Resulting from the unplanned shutdown for 35 days, overall production decreased across all of QAPCO's product lines in 2017 compared to 2016. In 2017, total polyethylene production decreased by 9%, reaching 1.23 million MT. However, through the integration total production in 2017 accounts for QVC products, including vinyl chloride monomer (VCM), caustic soda and hydrochloric acid solution. As a result, total production increased by 39% to reach our new baseline of 3.2 million tonnes.



## PRODUCT RESPONSIBILITY AND QUALITY

Our priority at QAPCO is delivering quality product to our customers and operating our processes responsibly, with respect for our employees, contractors, community, and the environment. We comply with best practices and regulations on health, safety, and environmental protection. We have Responsible Care accreditation, the chemical industry's global initiative to drive continuous improvement and achieve excellence in environmental, health, safety and security performance

Our Quality Control department is dedicated to ensuring that our operations respect best practices and regulations. We are proud to report that no incidents of non-compliance were recorded during the assessment of our products and services in 2017, concerning both the information and labelling, and provision and use of our products.

The Quality and Control department also controls, updates, and distributes Technical Data Sheets (TDS) Material Safety Data Sheets (MSDS) for all QAPCO products. Each of our shipments comes 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.

Taking this commitment to quality assurance one step further, we have an online quality control system, which manages the quality control of our polyolefin products. Our procedure for quality control inspection details the process by which we confirm the quality of our product and prevent the selling of defective product. This procedure covers inbound chemicals and intermediate and finished product from both our olefin and polyolefin plants, as well as in-process quality control inspection.

## 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)

Muntajat manages the sales and marketing operations for our products. We also have a technical customer service team, which responds to customer claims and provides technical support to Muntajat.

Our procedure for technical customer support and regulatory compliance facilitates the effective management and efficiency in the provision of technical support to our polyethylene customers, related to the use and processing of LLDPE and LDPE Lotrène. Muntajat benefits from this procedure, as well as it helps our technical team in supporting Muntajat's efforts to satisfy and retain current customers, while also attracting new ones, by providing quality technical assistance.

Our product handling performance improved this year, exhibiting a decrease in handling loss in 2017 as compared to 2016. We have also decreased the number of containers damaged due to logistics operations below our targets.



# OUR SAFETY PRACTICES

QAPCO'S EMPLOYEES ARE THE HEART AND SOUL OF OUR ORGANIZATION. WE ARE CONFIDENT THAT OUR PEOPLE AND THE CULTURE WE SEEK TO NURTURE IS GOING TO PLAY A BIG ROLE IN THE FUTURE SUCCESS OF OUR COMPANY.

Ensuring the safety and wellbeing of our employees is at the core of everything we do at QAPCO. When it comes to decision-making, safety is always our top priority. Our integrated Health, Safety, Environment, & Quality (HSEQ) strategy systematically incorporates safety into all levels of our operations.

As a constant target, we strive to achieve zero recordable injuries and zero first aid incidents. In 2017, we launched our High-Performance Safety Culture (HPS) program to aggressively accelerate building a sustainable HPS culture within QAPCO and to ensure we deliver on our responsibility to protect our workers.

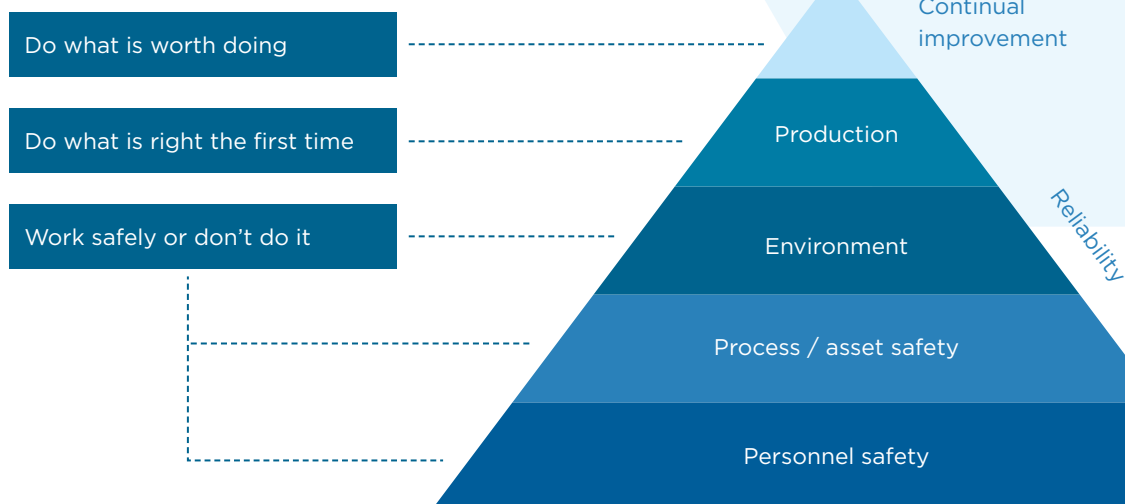
HSE Performance Summary	2015	2016	2017
Sustainability			
Total recordable injury rate (TRIR) <i>employees per 1 Mn m-h</i>	1.96	0.56	1.58
Total recordable injury rate (TRIR) <i>contractors per 1 Mn m-h</i>	1.48	0.95	0.31
Near miss reporter ratio <i>Near Miss (NM) / Safety Observation (SO)</i>	0.25	0.75	0.62
Safety culture (%) <i>Management safety tours completed</i>	-	87	91
Tier 1&2 process safety incident rate	1.05	0.81	1.35



## KEY SAFETY PRINCIPLES

Ensuring that we reach our goals accordingly, in 2017 QAPCO unveiled its Priority Hierarchy Pyramid, which supports us to focus on what our priorities are. It rests on three key principles and four levels that are the foundation to supporting continual improvement company-wide.

### Key Principles










## HIGH-PERFORMANCE SAFETY CULTURE (HPS) PROGRAM

In light of the HSSE incidents that took place during 2017, we made a concerted effort to reinvigorate our approach to health and safety within QAPCO. This program not only is helping to accelerate the formation of a high-performance safety culture at QAPCO; the program is also supporting and enhancing QAPCO's existing safety programs (operational safety and process

safety), policies, procedures, training and development. By addressing both personal and process safety, the HPS is a step change in our people's relationship to safety from compliance only to compliance by choice. Most importantly, the HPS program is breaking-down barriers at QAPCO by involving and creating safety leaders, regardless of their level.

### HPS OBJECTIVES

To create:	
A shared commitment at all levels throughout the organization.	
A belief of the majority of individuals that it is possible to eliminate ALL incidents and injuries.	
An environment where all team members are valued and demonstrate care and concern for each other.	
A workplace where individuals take responsibility for their safety, the safety of their co-workers and the company's assets.	
A culture where people's process and personal safety actions are driven from choice, not just from formal compliance.	
Heightened safety mindfulness.	
Recognition that this is a journey that QAPCO is undertaking.	

The HPS program kicked-off in June 2017 and began with a company-wide safety assessment. The results provided valuable insights about people's perceptions regarding safety at QAPCO, their desires, and issues that may have hindered a stronger safety culture from forming previously. In total, 641 people responded to

the online/paper assessment, 24 engaged in one-to-one interview, and 20 engaged in group interview which covered around 120 people in total. After the initial assessment, a rigorous training, development and coaching plan was developed to address key gaps.

Courses	Number of Sessions	Number of participants	Total man-hours of training
High Performance Safety (HPS) - Coaching in Action	11	218	1962
High Performance Safety (HPS) - Leading in Action	3	41	205
High Performance Safety (HPS) - Living in Action	44	1,002	4008
High Performance Safety (HPS) Commitment Workshop	2	84	1092
HPS Champions Training Workshop	4	84	1092
HPS Management Training - Listening Tours	2	24	48
HPS Champions Behavioral Board Training	3	54	108
Total	66	1,466	8,433

**641** 

people responded to the HPS online/paper assessment

**54%** 

overall progress reached by the end of the year

As part of the HPS program implementation plan, 8 workstreams and taskforces were formed to manage the programs numerous components.

Throughout the year, several events took place including the HPS Commitment Workshop, attended by 70 senior managers, Board members, Total and Qatar Petroleum. In addition to other activities, the institution of QAPCO HPS Champions represented an important improvement in allowing for a more bottom-up approach to safety within QAPCO, as they represent a mechanism that ensures two-way dialogue at all levels of the organization.

By the end of the year, overall progress reached around 54% and the program will continue into 2018.

### HPS streams and taskforces

- HPS Culture Assessment & Diagnostics
- HPS Skill Building
- HPS Campions and Facilitators
- Personal Safety, Process Safety & Reliability Communication
- Appreciation & Acknowledgement
- Near Misses
- HSE Recruitment and Competency

## PERSONAL SAFETY

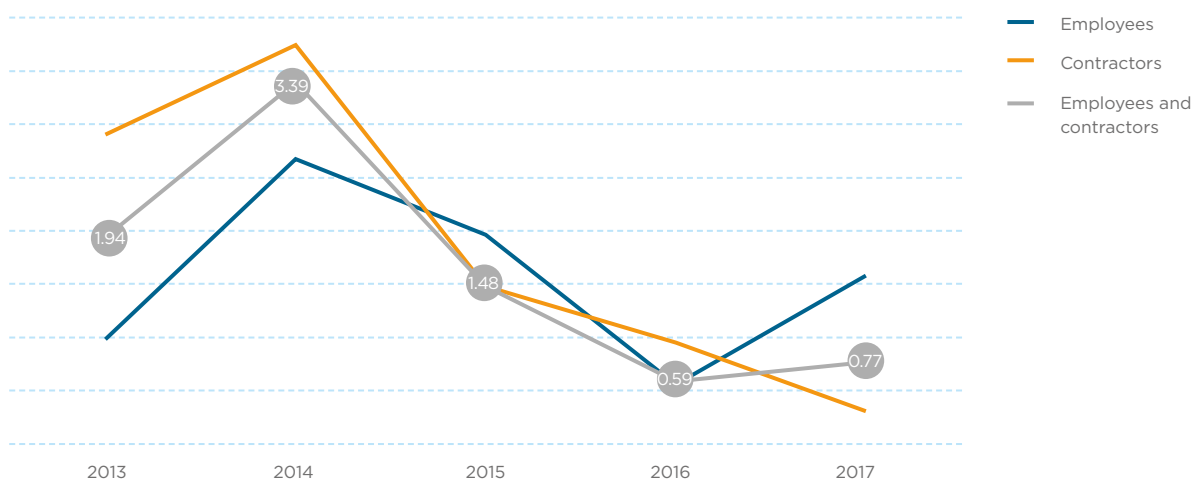
Since our inception in 1974, we have put our staff's safety first. We are proud of our strong safety performance, and we continuously work to improve our safety measures, as we believe that even one injury is too much. We regularly monitor key safety performance indicators and ensure transparency in our operations, making our safety records publicly available.

With a focus on prevention, we record and gather internal audit feedback, safety observations and near misses, with the aim of learning from past errors and remaining vigilant in preventing future incidents.

We consider excellence in HSSE as a requirement for the long-term prosperity of QAPCO, our HSEQ management systems have been aligned with the pillars of Qatar National Vision 2030 and local regulations, ensuring a high level of safety for our employees and business partners, and the wellness of the community.

In 2017, we were deeply saddened to experience the loss of two of our finest colleagues. This event was a reminder to all that despite our achievements in HSSE performance, there is always room for continuous improvement. This event drove us to review our current HSSE practices and propelled us to launch the HPS program. We must always strive to improve, and through the HPS program, we are confident that we can build a sustainable high-performance safety culture and prevent such loss of life in the future.

## TOTAL RECORDABLE INJURY RATE



GAPCO employees (2017)	Sessions	Participants	Training man-hours
Safety Training			
Total	204	2,915	19,457
Environment training			
Total	14	32	181
Health training			
Total	7	72	478
Online HSE courses			
Total		2,271	2,271
Total HSE Training Hours for Employees			30,820

### CONTRACTOR SAFETY

Safety is an essential part of our work at QAPCO for all members of our team. Our talented contractors are vital to our operations, and we work tirelessly to ensure their safety and wellbeing. We have established our Health, Safety, and Environment (HSE) Policy, as well as all of our HSE procedures and practices, to provide our contractors with the necessary information and training to ensure a safe working environment. We greatly value our contractors, and our stringent HSE practices have helped us form long term partnerships with our contractors.

Always striving to improve our safety standards, we comply with local regulations and international ISO 9001, ISO 14001 and OSHAS 18001 standards. We regularly monitor our HSE performance to ensure that we maintain these high standards.

By the end of 2017, the total contractor man-hours worked accumulated without reporting a lost time injury case were more than 10.9 million. One recordable incident was reported in 2017, and our total recordable injury rate has decreased by 72% since 2015. We have strengthened our contractor HSE management procedure, giving great weight to HSE criteria into the selection process, and including active oversight, comprehensive induction training, and contractor evaluations. Our strategic contract management approach prioritizes transparency and communication with contractors, in order to ensure the effectiveness and implementation of adequate HSE procedures.

HSE training to contractors (2017)	Participants	Training man-hours
Confined Space Awareness	764	2,292
PTW Authorized Signatories + QAPCO 12 Golden Rules	313	5,008
Contractor Safety Induction	5,601	5,601
Total	6,678	12,901

# 10.9m

contractor man-hours  
worked accumulated  
without reporting a lost  
time injury case



### PROCESS SAFETY

QAPCO's process safety performance is maintained through operational excellence, robust hazard identification and risk management, reporting systems, trainings, and lessons learned. Despite our process safety practices, a major process safety incident occurred which resulted in the destruction of a flare tower, and subsequent plant shutdown lasting 35 days in our Olefins plant in 2017.

As a result of this incident and other process safety incidents, our Tier 1 and 2 ratio reached 1.35 last year. Throughout 2017, as part of our HPS program, we placed a strong emphasis on process safety, to ensure the safety and reliability of our operations. We also strengthened our root cause analysis approach to prevent the reoccurrence of any process safety and reliability issues in the future.



# OUR ENVIRONMENTAL CULTURE

BEING COMMITTED TO THE SUSTAINABLE DEVELOPMENT OF QATAR, MINIMIZING OUR ENVIRONMENTAL FOOTPRINT IS A PRIORITY FOR QAPCO. WITH GUIDANCE FROM THE QATAR NATIONAL VISION 2030, WE STRIVE TO ALWAYS ACT RESPONSIBLY REGARDING THE PROTECTION OF ENVIRONMENT THROUGH INVESTMENT IN ENVIRONMENTALLY FRIENDLY PROCESSES.

In order to identify, reduce, and mitigate our environmental impacts, QAPCO integrates management and oversight mechanisms at all levels of operation. We understand the impact of our operations on the environment; our leadership is committed to maintaining our status as a responsible company, driving environmental performance improvements throughout our operations.

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

Performance Summary	2015	2016	2017
Sustainability			
GHG intensity <i>tonne CO<sub>2</sub>e/tonne of ethylene and polyethylene production</i>	0.65	0.73	0.78
SO <sub>x</sub> emitted (tonnes)	287	288	222
NO <sub>x</sub> emitted (tonnes)	2,974	3,227	3,028
Waste recycled (%) i.e. waste oil	21	49	9
Ethylene flare rate (%)	-	1.2	1.4
Acid gas flare rate (%)	-	13.3	99.0



## ENVIRONMENTAL PROJECTS

Project (QAPCO)	Description	Expenditure (QR 000s)
Treatment of compressor drips with Porous Media SKID	To improve the performance of U45 wastewater treatment (WWT) unit	<b>3,761</b>
Installing CEMS for existing furnaces (F11/12)	Compliance requirement	<b>2,573</b>
Tail gas and acid gas analyzer for sulphur recovery unit (SRU)	To get more accurate data on acid gas flaring	<b>2,179</b>
Increasing the capacity of DSG1 and DSG2 (2x100%)	To improve the performance of wastewater treatment unit	<b>199</b>
Sewage wastewater treatment plant	To treat domestic sewage onsite and to use the treated waste water for onsite landscaping	<b>4,135</b>
Process WWT (Unit-45) plant revamp project including recycling	To ensure environmental compliance and to reuse treated wastewater for operational processes	<b>18,336</b>
Upgrading existing GTs and installation of new GTs including installation of CEMS	To ensure environmental compliance and reduce NO <sub>x</sub> emissions from our operations	<b>64,156</b>

### Environmental and sustainability management revolves around six different aspects

Water consumption and wastewater discharge quality	Managing impacts on people and the environment
Ground – soil pollution	Waste management
Energy efficiency	Air emissions

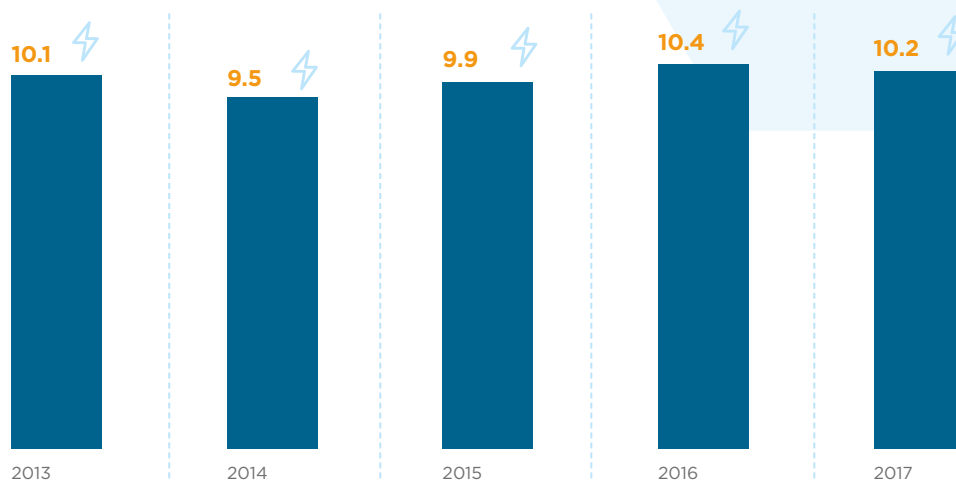
### DIRECT AND INDIRECT ENERGY CONSUMPTION

Energy consumption is integral to our operations and production processes. Our plant optimization projects have greatly improved our energy efficiency. We are confident that this emphasis on reducing our direct and indirect energy consumption will continue to grow, considering our external operating environment.

We receive fuel gas directly from QP's facilities at Mesaieed Industrial City for our production processes. Any additional electricity consumed is imported directly from Kahramaa, Qatar's national electricity provider.

In 2017, our total energy consumption decreased, largely due to the plant shutdown that occurred. Since 2013, QAPCO's energy intensity ratio has increased by 2%.

### ENERGY INTENSITY (GJ/TONNE OF ETHYLENE AND POLYETHYLENE PRODUCTION)

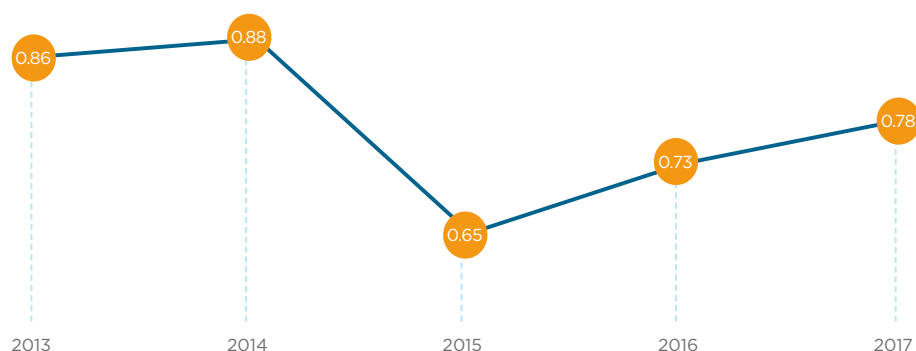


The above figures have been revised for the years 2013-2015 as a result of improving our calculation methodology.

### EMISSIONS AND FLARING

In order to reduce our impact on global warming and climate change, we have made reducing our greenhouse gas emissions a priority. We have ongoing technical projects and management approaches, which enable us to continuously improve in our efforts to reduce emissions result from fossil fuel combustion and flaring in our operations.

### GHG INTENSITY (TONNE CO<sub>2</sub>E/TONNE OF ETHYLENE AND POLYETHYLENE PRODUCTION)



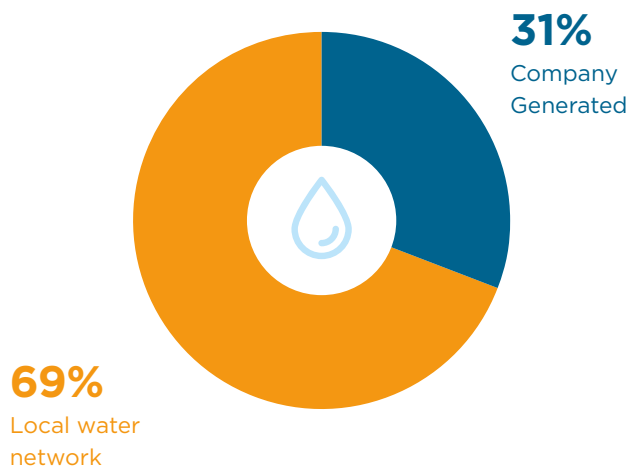
### WATER AND EFFLUENTS

Water is integral to QAPCO's operations, as it is used for several aspects of production, including steam production and cooling. In line with the Qatar National Vision 2030, we work to ensure the success of our operations, while also protecting resources for the success of future generations. Notably, our operations are in a water-scarce region.

We are currently constructing a sewage treatment plant to add to our two wastewater collection units. The treated wastewater will be used in our facilities for landscaping.

Due to its geographical location, QAPCO uses seawater for cooling purposes. In order to avoid adverse impacts on marine life, we comply with national environmental regulations in this regard, closely monitor the withdrawal and return levels to the sea and have implemented a chlorine dioxide system in our LLDPE plants. These efforts are to avoid adverse impacts on marine life.

### WATER USE BY SOURCE, 2017



### WASTE

We are continually searching for ways to reduce waste, both through minimizing our waste-generation and through recycling efforts. Most of QAPCO's generated waste is sent to governmental landfills. We have a waste storage facility, which monitors our waste levels and ensures the proper disposal of waste in compliance with the Ministry of Municipality and Environment's environmental regulations. In 2017, 9% of our waste was recycled compared to 49% in 2016. The reason for this large increase in waste sent to landfill was a result of the safe removal of a large volume of stored waste from QVC's past operations.

A root cause analysis is scheduled to take place in 2018 for hazardous waste generation due to expired chemicals, the results of which will be used for improving purchase planning and storage. In 2017, QAPCO's waste management approach was extended to QVC operations after its integration with QAPCO.



# OPTIMIZING OUR FINANCIAL PERFORMANCE

**Thomas Mc Hale**  
Chief Finance, Procurement & Planning Officer

QAPCO continues to demonstrate its ability to deliver strong financial performance in the face of significant challenges. Oil prices have continued to grow, which is positive news after a period of multi-year lower-than-average oil prices. Nonetheless, the financial year 2017 was a challenging year for QAPCO, due to production challenges, geopolitical turmoil, and increased feedstock costs.

Despite the shock to the market, given the illegal blockade on Qatar, QAPCO successfully delivered strong operating and financial results. Net profit before tax (after share of profits from joint ventures and associate) reached QR 2.4 billion in 2017, and total sales of QR 4.0 billion generated a net profit margin of 60.7%.

QAPCO seamless integration of QVC increased revenues and expanded our operations. The integration presents new opportunities for the Group as a whole, as we unlock new potential, developing synergies across our companies and optimizing costs. Our emphasis on business and operational excellence, coupled with strategic planning and sound risk management, consistently contribute to QAPCO's financial performance. We are confident in our future, poised for long-term, sustainable growth.



Performance Summary	2015	2016	2017
Financial			
Total Sales (QR millions)	4,040	3,893	3,965
OPEX consumption rate (%)	93	123	90
<i>Actual overall OPEX spend YTD / total annual overall OPEX budget</i>			



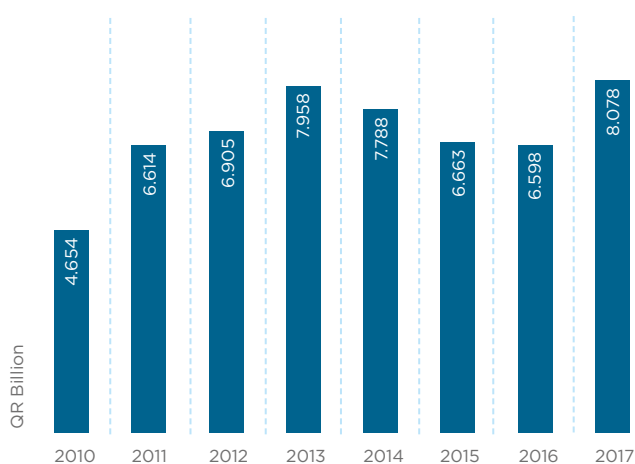
## OUR FINANCIAL PERFORMANCE

As a direct result of our collective actions to realize benefits from our BT program, our profit before tax decreased only slightly from 2016, despite a plant shutdown lasting nearly 35 days.

Strong operational performance across our businesses, resilient margins despite higher feedstock prices, and a sustained focus on cost containment have facilitated these successes as well.

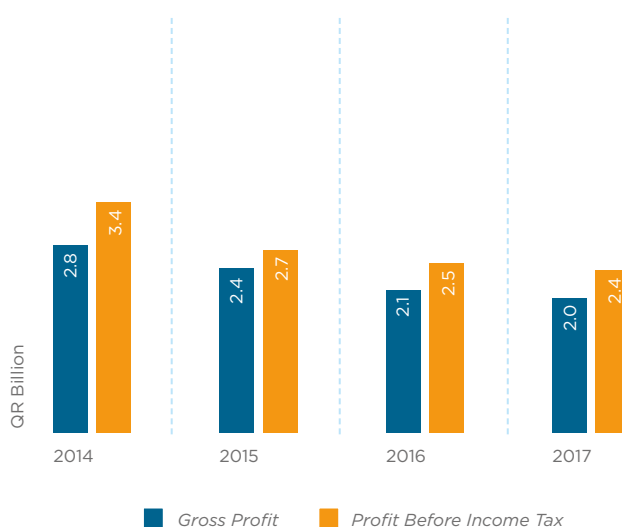
We witnessed an increase in our revenue generation, QR 4.0 billion in 2017 for QAPCO standalone, despite lower production volumes. This is attributable to increased product prices, as well as more efficient production and operational procedures. If product prices continue to rise in line with increasing oil prices, and production reliability is high, we expect further revenue growth in 2018.

### COMBINED REVENUES OF QAPCO, QATOFIN AND QVC\*



\*QVC is included in 2017 figure only

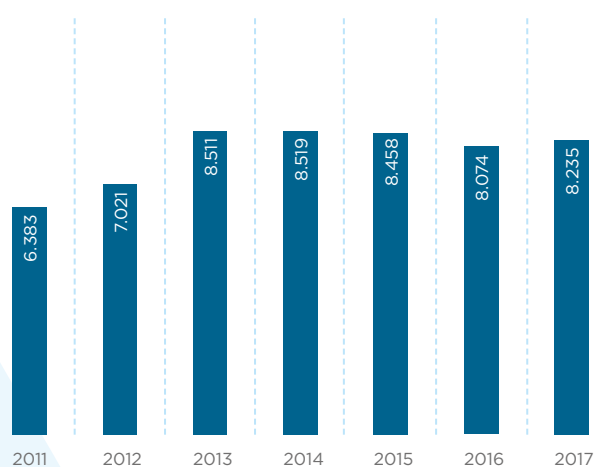
### QAPCO CONSOLIDATED PROFIT



Our emphasis on long-term thinking and the quality of management's strategic decisions have helped QAPCO to maintain strong financial results. Shareholder's equity, the value of what shareholders own, has grown at a rate of 29% from 2011 to 2017, a 3 percent increase from the 2011-2016 period. Our emphasis on long-term thinking and the quality of strategic decisions made by our management have helped QAPCO to maintain strong financial results.

In 2017, QAPCO managed to successfully finance the majority of its assets with equity and minimal debt. In comparison with our competitors, our high equity ratio in 2017, of 86%, demonstrates lower risk to our investors and greater financial stability. Additionally, we experienced no sanctions or fines for non-compliance with laws and regulations in 2017. Our strong track record gives our investors confidence in our financial strength.

### QAPCO SHAREHOLDERS EQUITY (QR BILLIONS)



### OUR FINANCIAL IMPACT

Cost optimization strategies are an essential part of our risk management strategy. Cost optimization allows us to ensure profitability, while still fulfilling our business goals, high quality standards, and workforce benefits. We have managed to do this in 2017, while successfully expanding our operations, through the QVC integration. Given our holistic approach, implementing these strategies at all levels of operation, we are poised to continue this growth in the coming years.

Our procurement division has played an increasingly strategic role in achieving cost optimization. In 2017, a formal synergy program amongst Mesaieed Industrial City companies was formed, which will undoubtedly lead to further cost optimization opportunities for all of our companies. Improvements in the group medical insurance strategy is one initiative that has already led to substantial cost savings.

Maintaining a balanced budget enables us to maintain investment in company assets, while maximizing distributions to shareholders as dividends. For the past seven years, QAPCO has achieved sustained fiscal responsibility with actual profits surpassing the budgeted profits by more than 100%.

In alignment with the Qatar National Vision 2030, QAPCO is committed to increasing local procurement and the diversification of Qatar's economy. Qatari companies are given preference in procurement contracts whenever possible. In 2017, local procurement reached 83% of total purchases for QAPCO, and 59% for QATOFIN.

The relationships we have formed with our community have created increased socio-economic value for both Qatar and QAPCO. These relationships are strengthened through the employment opportunities we create for Qatari society. We also contribute substantially to the government's pension scheme for Qatari employees, which is calculated as a percentage of our employees' salaries, in accordance with law no. 24 of 2002 on retirement and pension.

# 72%

spending on local  
procurement of  
total purchases

# INVESTING IN OUR PEOPLE

**Abdulla Naji**

**Chief Human Capital & Information Systems Officer**

Our employees are the driving force of everything we do at QAPCO, and our success as a company is directly linked to the success of our employees. Having the right human resources and input materials at the right time is essential to maintaining the continuity of our operations.

As of December 31, 2017, the total workforce of QAPCO, Qatofin, and QVC was 1,201 employees. As a result of our integration with QVC, our workforce grew by 13% in 2017.

We continuously invest in our employees' personal and professional growth, as well as in the development of their skills and competencies. In line with the Qatar National Vision 2030, we are committed to developing a strong and capable Qatari workforce. We are proud to offer our Qatari employees competitive benefits and growth opportunities. In 2017, we employed 270 Qataris, and achieved a Qatarization rate of 26%, as per QP's definition.



Diversity is an important aspect of our culture at QAPCO. We recognize the value that a diverse workforce adds to our business.

QAPCO seeks to encourage female participation at all levels of the organization. We continuously engage in activities to attract and recruit women, not only to QAPCO, but to the industrial sector more broadly, as part of our contribution to the Qatar National Vision 2030. Providing increased employment opportunities and vocational support to Qatari women is important to create positive long-term outcomes for the State of Qatar.

As we look to the future, we understand the importance education and research will play in positioning QAPCO and Qatar as major players in the global marketplace. We continue to invest heavily in R&I and STEM education, working to develop our capabilities in hand with the capabilities of our valued staff.

Performance Summary	2015	2016	2017
<b>Sustainability</b>			
Workforce size	1,192	1,072	1,201
<i>Total permanent workforce</i>			
Turnover rate (%)	10.9	13.8	11.3
<i>Total workforce / no. of employees that left the company</i>			
Training plan achievement (%):	-	73	70
<i>No. of short classroom trainings completed YTD / no. of on job training planned</i>			
Qatari National Headcount:	267	298	270
<i>Total no. of Qataris recruited YTD</i>			
<b>Financial</b>			
Total social investment spending (QAPCO, QR millions)	19	4	4
Total social investment spending (QATOFIN, QR millions)	5.59	2.68	0.69

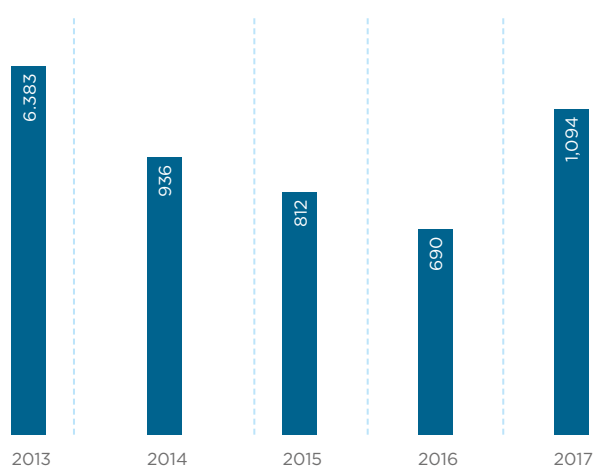
## CAPACITY BUILDING

Attracting and retaining talent is essential to maintaining sustainable operations. As such, we strive to provide a nurturing work environment, growth opportunities, and competitive financial and non-financial benefits to our valued employees. We strongly encourage our employees to develop new skills, improve work practices and progress in their career. We do our best to help ensure they have the resources to achieve their goals. Some of the ways in which we help motivate and ensure productivity gains are highlighted below:

- Training and development
- Performance reviews for all employees
- Wide range of benefits to all employees
- Paternal leave and return to work
- Health and fitness opportunities and awareness

Our Capacity Building Department continues to drive employee development within QAPCO to ensure the competencies required across job functions are maintained by our employees. As critical assets, we invest in our people to enable QAPCO's growth aspirations, the sustainability of its operations, and contribute to the Qatar National Vision 2030.

## TOTAL NUMBER OF EMPLOYEES TRAINED



In 2017, a total of 1,094 employees received training, resulting in a total of 2,627 man-days being invested in employee development. The total expenditure on training reached QR 3,453,718 in 2017.

Management also assigned a greater portion of training to HSSE in 2017, as this was a key priority for the year. Technical and non-technical training continued with additional resources allocated to HSSE training, which is already showing significant improvements on our leading safety indicators.

As part of our QFP program, enhancing our performance management system and performance management goals was also a driving force within our Capability Building department in 2017. Core competencies were identified for senior management positions this year. A gap analysis was scheduled for the end of 2017 as part of each senior manager's performance review; however, this was rescheduled for early 2018. The purpose of this gap analysis was to identify the training needs and individualized training programs. In 2018, core competencies will be identified for all other employee levels, with a gap analysis and training needs program to be developed for 2019.

Course Title	Objective
<b>Alignment Fundamentals</b>	Cover the aspects of basic shaft alignment – defining the types of misalignment and the problems caused by misalignment. Teach delegates the skills needed to identify alignment-related symptoms, how to accurately perform and document rim & face or reverse dial indicator techniques, what tools are used for alignment, and how to prepare a machine and its foundation.
<b>ETAP Training (Electrical Power System Analysis &amp; Operation Software)</b>	Enhance the use of ETAP software used for the calculations of short circuit and hands-on training in ETAP with our networks
<b>Safe Storage &amp; Handling of Chemicals</b>	Teach employees how to identify, handle and store chemicals safely and properly. And how to respond effectively in case of an emergency.
<b>Best Practices in Multishift Operations</b>	Provide techniques, strategies and practical tips for building a high-performance multishift operation through adoption of best practices in the Petrochemical industry. These best practices are supposed to make substantial improvements in Cost optimization, Quality, Delivery, Safety and Morale at workplace.
<b>Incident Command &amp; Crisis Management</b>	Familiarize with the appropriate responses and methods to efficiently manage crises <ul style="list-style-type: none"> <li>• Decision-making in crisis situations</li> <li>• Performing the necessary operational actions</li> <li>• Coordinating information and communication</li> </ul>
<b>Certified Professional Manager (CPM) program</b>	<ul style="list-style-type: none"> <li>• This program is to enhance and develop the executive management in leadership skills.</li> <li>• The program is accredited by the Chartered Management Institute (CMI) which is recognized as the professional body for Leaders and Managers.</li> </ul>
<b>Train the Trainer – Group Training Techniques</b>	<ul style="list-style-type: none"> <li>• To understand different learning styles and training techniques that will enhance the learning process</li> <li>• To improve training techniques, by focusing on effective communication in training delivery and ultimately contributing value to the organization &amp; enhancing performance</li> </ul>
<b>Interviewing Skills – For Recruitment &amp; Selection</b>	<ul style="list-style-type: none"> <li>• To examine the integral parts of the recruitment and selection process</li> <li>• To apply the techniques of competency-based interviewing</li> <li>• To have an awareness of how Assessment Centers may be used to improve the effectiveness of selection</li> </ul>
<b>Customer Relationship Management</b>	<ul style="list-style-type: none"> <li>• To understand the components of successful customer care</li> <li>• To understand how as a leader, can help to develop a 'customer focused' team</li> <li>• To identify customer service barriers within organization</li> <li>• To improve the standards of service to customers, by understanding their future needs and expectations</li> </ul>



## PERFORMANCE REVIEWS

All QAPCO employees receive a formal performance review annually. We have developed a balance scorecard to ensure every employee is positively contributing to our strategic goals.

Our strategic objectives and balance scorecards have been put into operation under five distinct categories: customer, financial, sustainability, operations, and innovation. QAPCO's balance scorecards are based upon key performance indicators that best demonstrate our progress towards our goals.

Performance reviews facilitate our employees' personal growth, by identifying each person's strengths and fostering their continual development.

## BENEFITS AVAILABLE TO OUR EMPLOYEES

All QAPCO employees are provided with comprehensive compensation and benefits programs. In order to ensure the retention of key talent, these programs are designed to meet the needs of our employees and maintain our status as an employer of choice.

### • Al Reem Club

The Al Reem Club is a private club offering social, dining, and recreational and sports amenities to members and their families. The club is located in Mesaieed's residential area and is owned by QAPCO. In addition to its wide-ranging facilities, the Club Committee organizes activities throughout the year.



### • QAPCO's Motivation Scheme

Celebrating achievers and appreciating their continuous efforts is a fundamental pillar of QAPCO's people strategy, paving the way of business excellence.

As our employees are our most valuable assets, the management of QAPCO thank employees for their hard work and dedication through the annual Motivation Scheme.

Employees are nominated based on their value-added contributions and awarded by our MD and CEO, Dr. Mohammed Yousef Al Mulla, at the Motivation Scheme Ceremony. In 2017, 490+ employees were recognized at this event for helping QAPCO reach its full potential.



### PROMOTING HEALTH AND FITNESS

At QAPCO, we are committed to their overall health and wellbeing of our employees. In alignment with the Qatar National Vision 2030, we are committed to a physically and mentally healthy Qatari population. We believe that sports provide long term benefits in both of these regards, and sports are embedded in our corporate culture.

The QAPCO Sports Committee has been promoting fitness within our company and community since it was established in 1988. Our employees and their families participate in our sporting events.

Every year, we organize a minimum of 10 sporting events, such as our winter football tournament, renowned Ramadan football tournament, and our badminton, cricket and volleyball tournaments.

QAPCO also organizes several health-oriented initiatives to promote health and health awareness, including sponsorship of the annual QAPCO Blood Donation Campaign in cooperation with Hamad Medical Corporation.



## QATARIZATION

Since our inception in 1974, supporting the development of our Qatari national employees is one of the driving forces of QAPCO.

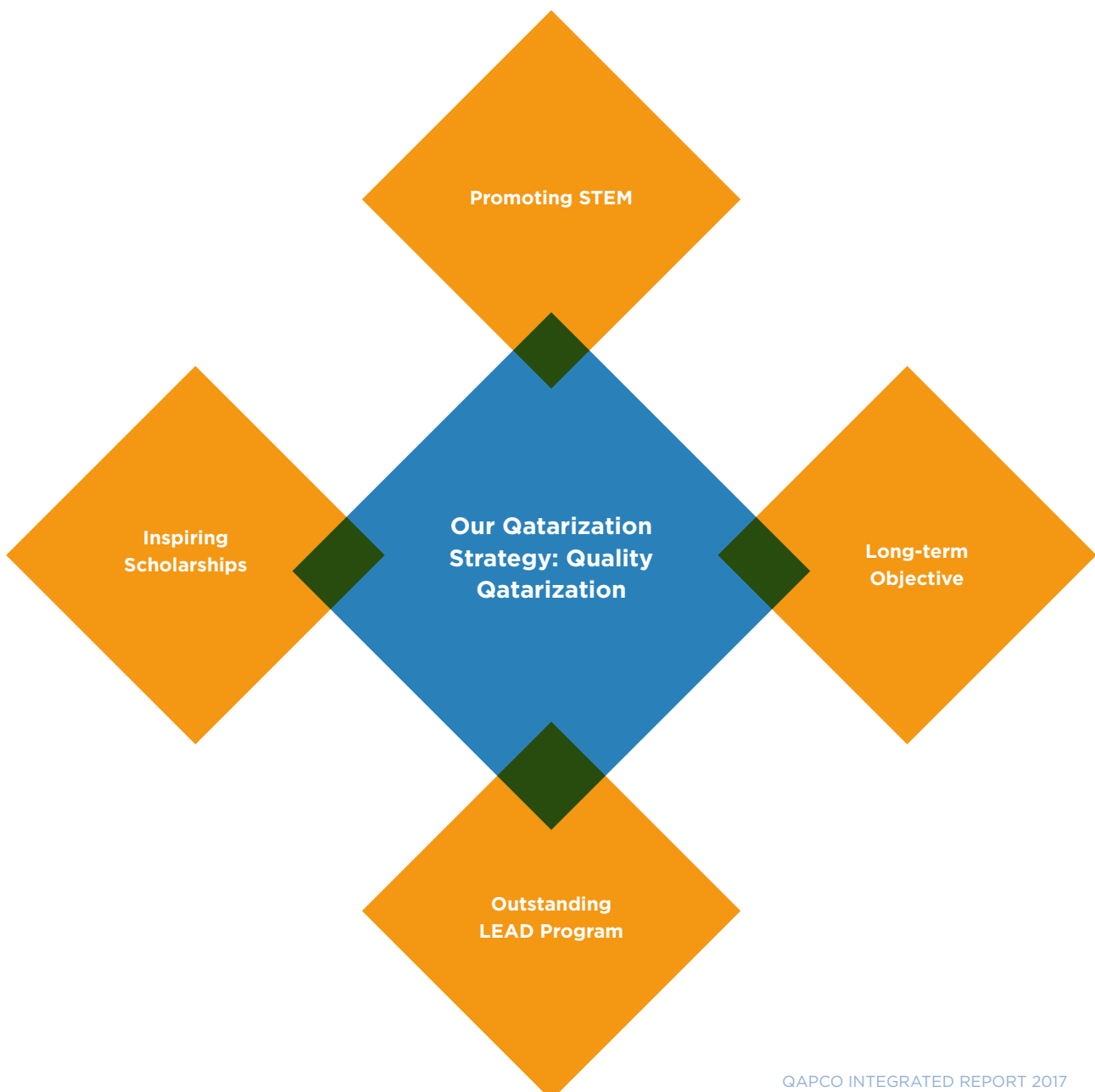
We are proud of our Qatari heritage as it gives the company its unique cultural identity. The future of our operations will rest on our ability to incorporate and develop more Qatari nationals into our workforce.

At QAPCO, Qatarization is about identifying, recruiting, developing and retaining talented Qataris. In alignment with the Qatar National Vision 2030, QAPCO's commitment to Qatarization and the activities QAPCO supports to accelerate Qatarization are key to our future success and national development goals.

QAPCO is privileged to provide support to promote STEM (Science, Technology, Engineering, and Math) education at universities and schools in Qatar. QAPCO has partnerships with 4 universities: Qatar University (QU), Texas A&M at Qatar (TAMUQ), Community College Qatar, and College of the North Atlantic (CNA-Q); from which, events and programs are delivered for the benefit of students.

In 2017 QAPCO also supported four professional academic chairs: QAPCO Professional Chair of Vocational Studies at CNA-Q, QAPCO Polymer Chair at QU, QAPCO Chair in Polymer Science and Engineering at TAMUQ, and QAPCO Chair of Math Education at QU.

In 2018, the QAPCO Chair of Sustainable Environment at Qatar University will commence. This is an important step for R&D within Qatar, as it will promote research on the production, supply and use of green energy.



## 2017 QATARIZATION HIGHLIGHTS

**26%**

Qatarization\*

**270**

Qataris

**4**

Research chairs in  
prestigious universities

**50**

Internship students

**26**

Community outreach  
programs

**16**

Partnerships with  
educational institutions

**80+**

Students and researchers impacted  
by QAPCO related research and  
innovation projects

**15**

Innovation projects

**7**

Career fairs attended

**46%**

of our Qatari employees have  
completed 10 years of service in  
QAPCO

**11,283**

Training hours were delivered to  
218 Qatari employees through 156  
training courses

**47**

Student sponsorships  
and scholarships

*\*According to QP definition. Decrease since 2016 is mostly attributable to of the integration with QVC*



Our CSR strategy continues to proactively engage with the Education sector in Qatar, and QAPCO actively supports main initiatives.

#### QAPCO Student Engineering Club

The QAPCO Student Engineering Club provides a specialized forum for engineering students that enables professional and educational networking opportunities; facilitates research opportunities; and provides valuable teamwork, communication and leadership skills building opportunities.



#### QAPCO Next Generation Leadership Program

In 2017, QAPCO concluded the Next Generation Leadership program that was launched in 2016. The program was designed to develop young students and raise STEM awareness. QAPCO Ambassadors visited schools to deliver presentations to students on STEM, careers in the Oil and Gas industry, and promote QAPCO as an employer of choice. Through the program, students had the opportunity to visit the plant and selected students were offered to join special leadership programs. Programs like this continue to be an important avenue to inspiring young students to enter a STEM related discipline in the future.

- 4 schools visited
- 240+ students participated
- 100+ students visited QAPCO for leadership training



#### STEM Roadshow with TAMUQ

In collaboration with the Ministry of Education and Texas A&M University, QAPCO launched the first ever "STEM Roadshow" for Qatari students in grades 5-12. With the intention of inspiring students to enter science and engineering programs, the program aims to support the formulation of Qatar's knowledge-based economy.

Through this outreach program, 80 schools will be visited over the next 2 years.



#### QAPCO Sponsors CNA-Q Skills Competition

The CNA-Q Skills Competition demonstrates the value of a technical education and how it translates into tangible, employable skills for CNA-Q graduates. Across the campus students participated in a wide-range of competitions to demonstrate their diverse skills.

QAPCO has proudly supported this event for three consecutive years, and an excellent example of how industry and higher education can collaborate to benefit students' development.





### QAPCO Sponsors TAMUQ's and Qatar University's

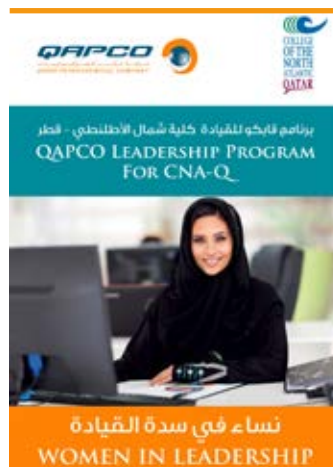
The 2017 symposium addressed the theme "Advanced Materials for Reliable Energy Systems – Improving the Quality of Life." Directly in support of Qatar National Vision 2030, the event addressed key challenges and opportunities for the State of Qatar. The event featured speakers, discussion panels, a poster session, and a session where teams of students from local high-schools showcased projects on the symposium's theme.



### Sponsorship of Women in Leadership Workshop at CNA-Q

As QAPCO is committed to advancing the position of women both socially and professionally, QAPCO has sponsored the Women in Leadership Workshop at CNA-Q the fourth consecutive year.

Women are the fastest growing segment of Qatar's workforce and their continued advancement is a strategic national priority. The event highlights the vital role that women in Qatar play in the country's national development.



### QAPCO WINS QATARIZATION AWARD 2017

QAPCO received its seventh Annual Qatarization Crystal Award for its efforts in 'Supporting and Liaising with the Education Sector' during 2017.

The award was presented by His Excellency Dr. Mohammed Bin Saleh Al Sada, Minister of Energy and Industry, and Chairman of Qatar Petroleum (QP), together with Saad Sherida Al Kaabi, President and CEO of QP, during the Qatar Energy and Industry Sector's Annual Qatarization Review meeting.

QAPCO has collected eight Qatarization accolades overall since 2009, spanning four categories. These include seven 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.

At QAPCO, we are fully committed to engaging with local universities, colleges and schools, especially through our investment in research and development and through the promotion of Science, Technology, Engineering and Mathematics (STEM) education. We believe this will play a vital role in the future of Qatar's energy industry.

**2010** - Awarded Crystal for Supporting & Liaising with the Education Sector

**2011** - Awarded Crystal for Supporting Qatarization

**2012** - Awarded Crystal for Supporting Student Scholarships

**2014** - Awarded Crystal for Supporting Student Scholarships

**2015** - Awarded Supporting & Liaising with the Education Sector

**2016** - Awarded Supporting & Liaising with the Education Sector

**2017** - Awarded Supporting & Liaising with the Education Sector

## RESEARCH AND INNOVATION

One of the ways in which QAPCO has been able to contribute to Qatar's continued progress towards self-sustainability is through its contributions to the nation's technical educational opportunities, thus promoting research and innovation within the country and supporting Qatarization both within our company and nationally. It is important that we have a well-educated and diverse labor pool to meet tomorrow's challenges.

Our research and innovation (R&I) programs are integral to QAPCO's success as well. R&I has allowed us to continuously improve and leverage new possibilities in order to meet the needs of a changing market. We have been able to not only improve our own operations through polymer R&I, but also promote an innovation culture and create opportunities in the development of advanced technologies in the State of Qatar. Our proudest R&I achievement; we collaborate with Qatari educational institutions through knowledge sharing and in the development of the next generation of Qatari industry leaders.

In 2017, Qatar University launched a multidisciplinary peer-reviewed journal titled Emergent Materials, in collaboration with QAPCO and Springer Publishing Company. The biannual journal will be published every Fall and Spring and aims to publish high-quality, high-impact research articles that reflect the best research in the Middle East and elsewhere. Emergent Materials will publish peer reviewed articles that focus primarily on materials in the following applications:

- Renewable energy
- Water treatment and desalination
- Oil and gas
- Environment and sustainability
- Functional materials

### Research and innovation for more efficient and cost-effective production and higher performance products

- Day-to-day research and innovation activities
- Cost cutting activities
- Improving existing grades
- Creating new grades
- Plants and TCS support
- Long-term capacity building
- Active participation in QF National Priority Research Program (NPRP)
- Appointing chairs: professors in universities with funded project from QAPCO
- Technical and logistical support
- A platform to identify needs and provide resources
- Using laboratory and university capabilities to carry our research projects
- Virtual research and polymer innovation center

Category	Partner	Research project area
NPRP - QNRF	Qatar University	Intrusion detection of industrial control systems to improve cybersecurity
		Polyolefin nano-composites based on graphene nanoplatelets
		Value-added green polyolefin formulations with extended service life
NPRP- QNRF	Texas A&M University Qatar	Novel polymers from ethylene plant streams using green chemistry catalysis
QAPCO Polymer Chair	Qatar University, Center for Advanced Material (CAM)	Optimization of the development of heat absorbing materials for bio-climatic buildings and scale up
		Development of nano-composite materials using both virgin and recycled polyethylene for various applications
QAPCO Chair of Sustainable Environment	Qatar University	In 2017, QAPCO instituted this chair position to promote research on the production, supply and use of green energy.
Process Safety Industrial Consortium	Texas A&M University Qatar	Understanding polyethylene and sulphur dust explosions and how to prevent them

### OUR COMMUNITY

QAPCO dedicates considerable resources to creating value for communities in the State of Qatar. We sponsor and organize several activities throughout the year in alignment with the goals of the Qatar National Vision 2030.

### QAPCO Sponsors the Reyada Award to Encourage Entrepreneurship

QAPCO sponsored Reyada Competition 2017 as part of our CSR program. We want to support Qatari society, by encouraging and supporting Qatar's youth through promoting entrepreneurship. It is our hope that one day Qatar's young aspiring entrepreneurs will become successful and contribute to economic diversification and help us achieve Qatar's National Vision 2030.

The Reyada Award was launched by the Social Development Center – Nama in 2011.



### QAPCO and Dreama Promote Collective Action for Community Development

In cooperation with Dreama, QAPCO participated in the "We All Complete Each Other," which aimed to promote teamwork for community development and to empower orphans to participate in the community. The campaign also included many educational activities for children for their integration into society.

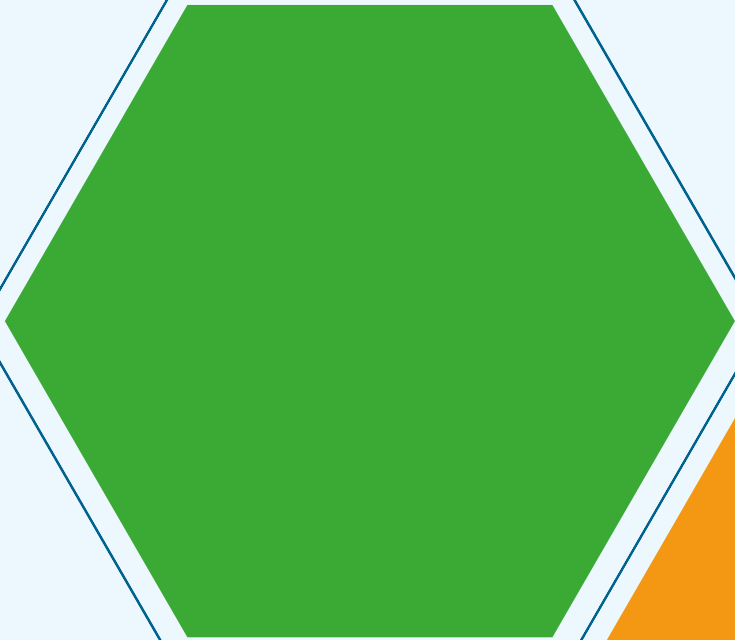


### Donate Blood Save Lives

**102** participants

**66** blood donors





# INFORMATION TECHNOLOGY:

## ADVANCING SUSTAINABILITY

THE ROLE OF IT FOR SUSTAINABILITY IS TO SEEK SOLUTIONS THAT MINIMIZE IMPACTS ON THE ENVIRONMENT AND TO PROMOTE ENVIRONMENTAL SUSTAINABILITY BY DIGITIZING CURRENT PROCESSES, ADOPTING AUTOMATION SOLUTIONS, AND USING NEW TECHNOLOGY

Another challenging task for QAPCO IT in 2017 was infrastructure rationalization and SAP integration of QVC to meet the strategic objective of IT strategy based on single infrastructure (data center) and a single ERP system. Upon the decision to merge QAPCO and QVC under one organization, three milestones were set by the steering committee to complete the merge in almost 9 months. IT planned the activities for both infrastructure and SAP integration on different stages to match with the set milestones. The data center, applications, network, PABX and others were integrated on the different milestones for infrastructure. On SAP, different modules were integrated along the plan. The whole task was challenging were all processes were merged and optimized to suit the business in the new organization. The project ran on time and all milestones were achieved without any delay. Currently QAPCO, QATOFIN and QVC are running on the same SAP environment which is in line with IT strategy objectives.

Among the integrated SAP modules, IT has extended the modules of Waste Management, Environmental Compliance & MSDS to QVC that are directly related to sustainability and environment. These modules will achieve the following for sustainability and environment in QAPCO and QVC:

- Waste handling, storage and shipment
- Track, measure and monitor emissions
- Implement compliance process for environment
- Create and maintain safety data sheets in one central database

### Implementation of Action Tracking System (ACTS)

By utilizing Microsoft SharePoint platform, the IT department has developed an application that is mapped to the strategic objective of “sustainability” via the improvement of HSSE and CSR performance. It is an effective tool to track all actions linked to HSSE, process safety and integrity management. Starting from registration of the action item in ACTS to tracking, controlling and monitoring of these actions, ACTS helps to improve plant safety & reliability from the angle of work-flows, operations and product performance, to name a few. This contribute to continuous-improvement and “learning-from-events.” During the deployment life-cycle, this was extended to other functions as well, thereby expanding its business usage scope for tracking any critical action item for the specific business unit.

### Digitization of employee files

The IT department developed a new application using Microsoft SharePoint platform for HR archiving & E-filing to digitize all QAPCO employee files. It is a user-friendly system and easy to search application with the following advantages:

- Improved process efficiency and compliance
- Faster time to contribution
- Reduced paper work
- Create and maintain documents in one central database



### Onboarding as part of Talent Management System in SAP SuccessFactors

Onboarding enables organizations to efficiently and quickly turn new hires into engaged, empowered, and productive employees by:

- Guiding all constituents (new hire, hiring manager, HR, IT and so on) through key onboarding activities
- Connecting new hires with the right people and relevant content even before their first day
- Developing new hires rapidly, enabling them to contribute quickly

For this purpose, HR onboarding processes were implemented in SAP SuccessFactors in 2017 for the following purposes:

- Reduce new-hire time to productivity
- Increase retention by improving employee engagement
- Reduce the onboarding burden on experts from human resources, payroll, IT, and other departments
- Improve process efficiency and compliance
- Faster time to contribution
- Better employee engagement and retention
- Reduce paper work
- Maintain documents in one central database



# OUR PROCUREMENT PRACTICES

IN ORDER TO BOTH ENHANCE OUR PROFITABILITY AND SUPPORT QATAR'S NATIONAL VISION 2030, WE ARE COMMITTED TO GIVING PREFERENCE TO LOCAL SUPPLIERS OF GOODS AND SERVICES IN THE PROCUREMENT PROCESS FOR OUR OPERATIONS, AND THIS PLAYS A CENTRAL ROLE IN THE ACHIEVEMENT OF QAPCO'S STRATEGIC GOALS.

As part of our Procurement Excellence Program, the procurement division has been re-structured to align ourselves with global best practices. As a company, we continue to increase cost improvements, while building stronger working relationships with our suppliers. QAPCO's procurement policies center around transparency to ensure a competitive and fair bidding process.

In 2017, QAPCO's procurement division was instrumental in ensuring smooth operations in wake of the geo-political situation. We successfully implemented our business continuity management (BCM) plans with minor financial impacts and no disruption to our operations.

Financial Performance Summary	2015	2016	2017
Operations			
Total purchases on local goods and services (%)	83	71	72
Finance			
Savings (%)	7.6	7.6	7.3



## 72%

Total purchases on local goods and services in 2017



## 7.3%

Savings in 2017



### SYNERGY DEVELOPMENT

In 2017, as part of a united effort to maximize cost savings and share best practices, QAPCO along with 6 other Industries Qatar (IQ) companies based in Mesaieed Industrial City (MIC) formalized a synergy program. The companies collaborated in tendering and procurement process, and we have already begun to benefit from cost-saving and the sharing of best practices between our companies.

### LOCAL PROCUREMENT

QAPCO continues to commit itself to supporting local suppliers of goods and services. We aid local companies to help them become more competitive, and provide preferential selection, when our quality standards are met, and pricing is within a 10% margin.

As a proud Qatari company that seeks to maximize its economic contribution to the State of Qatar and the Qatar National Vision 2030, we consider supporting economic diversification and helping local suppliers and manufacturers to be our duty.

### CONTRACTOR AND PROCUREMENT MANAGEMENT

QAPCO relies on the services of operational and maintenance contractors to produce our products. With the upmost respect for labor and human rights, QAPCO has developed and implemented specific standards and guidelines to ensure manpower service providers we contract include minimum requirements for: safety, accommodation, meals, time-off, welfare, and remuneration. Service providers must abide by or exceed the requirements of Qatari labor law. Ensuring that our service providers are assessed on their policies, procedures and performance is of growing importance given QAPCO's increasing reliance on contractors as a result of the logistics outsourcing that began in 2016 as part of our BT program.

Moreover, our Board of Directors Committee manages all contracts through the procurement process, which are expected to comply with all QAPCO contract terms, including specific clauses related to corruption, monopoly, anti-competitive behavior, bribery, and fraud. Our whistle blower hotline and internal audit function are two mechanisms to ensure controls.



# APPENDICES



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# A. FINANCIAL STATEMENTS



## *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, the financial statements of Qatar Petrochemical Company (QAPCO) Q.S.C. (the "Company") present fairly, in all material respects, the financial position of the Company as at 31 December 2017 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 2017;
- 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.

#### *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.

#### *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 with the requirements of the Qatar Commercial Companies Law number 11 of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## FINANCIAL STATEMENTS



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

*Auditor's responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## FINANCIAL STATEMENTS

*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 purpose of our audit;
- The Company has carried out a physical verification of inventories at the year-end in accordance with observed principles;
- The Company has maintained proper books of account and the financial statements are in agreement therewith; and
- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2017.

For and on behalf of PricewaterhouseCoopers – Qatar Branch

Qatar Financial Market Authority registration number 120155

A handwritten signature in black ink, appearing to read 'Mohamed Elmoataz'.

**Mohamed Elmoataz**

Auditor's registration number 281  
Doha, State of Qatar  
23 January 2018

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2017

**2017 QR'000****2016 QR'000  
(Restated)**

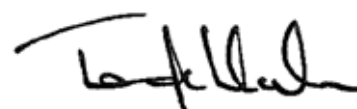
<b>Assets</b>		
Non-current assets		
Property, plant and equipment	4,127,243	4,267,674
Intangible assets	61,386	58,773
Investment in joint ventures	3,009,460	2,991,172
Investment in an associate	35,020	31,447
<b>Total non-current assets</b>	<b>7,233,109</b>	<b>7,349,066</b>
Current assets		
Inventories	309,827	259,549
Due from related parties	1,039,709	961,318
Trade and other receivables	301,289	89,751
Cash and cash equivalents	687,907	916,949
<b>Total current assets</b>	<b>2,338,732</b>	<b>2,227,567</b>
<b>Total assets</b>	<b>9,571,841</b>	<b>9,576,633</b>
<b>Equity and liabilities</b>		
Equity		
Share capital	436,000	436,000
Legal reserve	87,200	87,200
Cumulative changes in fair values	-	(7,405)
Retained earnings	7,712,254	7,558,389
<b>Net equity</b>	<b>8,235,454</b>	<b>8,074,184</b>
Liabilities		
Non-current liabilities		
Employees' end of service benefits	141,188	155,948
Provision for pension obligations	121,680	130,897
<b>Total non-current liabilities</b>	<b>262,868</b>	<b>286,845</b>
Current liabilities		
Due to related parties	73,025	350,091
Trade and other payables	177,217	144,720
Income tax payable	109,277	118,393
Dividend payable	714,000	602,400
<b>Total current liabilities</b>	<b>1,073,519</b>	<b>1,215,604</b>
<b>Total liabilities</b>	<b>1,336,387</b>	<b>1,502,449</b>
<b>Total equity and liabilities</b>	<b>9,571,841</b>	<b>9,576,633</b>



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



**Dr. Mohammed Yousef A. Al-Mulla**  
Managing Director and  
Chief Executive Officer



**Mr. Thomas Joseph Mc Hale**  
Chief Finance, Procurement  
and Planning Officer

**STATEMENT OF PROFIT OR LOSS**

For the year ended 31 December 2017

**2017 QR'000****2016 QR'000  
(Restated)**

Revenue	3,964,994	3,892,829
Cost of goods sold	(1,980,473)	(1,743,390)
Gross profit	1,984,521	2,149,439
Administration expenses	(228,639)	(369,711)
Selling expenses	(179,948)	(180,928)
Finance charges	-	(552)
Gain on foreign exchange	2,192	268
Finance income	10,766	16,808
Share of profit from joint ventures	766,571	854,098
Share of profit from an associate	5,073	4,631
Other income	47,329	74,538
<b>Profit for the year</b>	<b>2,407,865</b>	<b>2,548,591</b>

**Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 31 December 2017

**2017 QR'000****2016 QR'000  
(Restated)**

<b>Profit for the year</b>	<b>2,407,865</b>	<b>2,548,591</b>
Other comprehensive income: Items that may be reclassified subsequently to statement of profit or loss		
Share of fair value movement of interest rate swap from a joint venture	7,133	12,456
Net movement in fair value of forward contracts	272	(1,777)
Other comprehensive income for the year	7,405	11,279
<b>Total comprehensive income for the year</b>	<b>2,415,270</b>	<b>2,559,870</b>

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2017

	<i>Share Capital QR '000</i>	<i>Legal Reserve QR '000</i>	<i>Cumulative changes in fair value QR '000</i>	<i>Retained Earnings QR '000</i>	<i>Total QR '000</i>
Balance at 1 January 2016	436,000	87,200	(18,684)	7,953,798	8,458,314
Profit for the year (Restated)	-	-	-	2,548,591	2,548,591
Other comprehensive income	-	-	11,279	-	11,279
<b>Total comprehensive income for the year (Restated)</b>	<b>-</b>	<b>-</b>	<b>11,279</b>	<b>2,548,591</b>	<b>2,559,870</b>
Transactions with owners in their capacity as owners:					
Dividend paid	-	-	-	(2,341,600)	(2,341,600)
Dividend payable	-	-	-	(602,400)	(602,400)
Balance at 31 December 2016 (Restated)	436,000	87,200	(7,405)	7,558,389	8,074,184
Balance at 1 January 2017 (Restated)	436,000	87,200	(7,405)	7,558,389	8,074,184
Profit for the year	-	-	-	2,407,865	2,407,865
Other comprehensive income	-	-	7,405	-	7,405
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>7,405</b>	<b>2,407,865</b>	<b>2,415,270</b>
Transactions with owners in their capacity as owners:					
Dividend paid	-	-	-	(1,540,000)	(1,540,000)
Dividend payable	-	-	-	(714,000)	(714,000)
<b>Balance at 31 December 2017</b>	<b>436,000</b>	<b>87,200</b>	<b>-</b>	<b>7,712,254</b>	<b>8,235,454</b>



**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2017

**2017 QR'000****2018 QR'000  
(Restated)**

<b>Cash flows from operating activities</b>		
Profit for the year	2,407,865	2,548,591
Adjustments for:		
Depreciation	293,627	287,849
Amortization	7,576	5,541
Impairment of capital work in progress	-	78,802
Share of profit from joint ventures	(766,571)	(854,098)
Share of profit from an associate	(5,073)	(4,631)
Reversal of provision for non-moving and slow-moving inventories	(5,984)	(46,994)
Net movement in provision for doubtful debts	(20)	4,608
Provision for employees' end of service benefits	26,285	88,348
Loss/(profit) on disposal of property, plant and equipment	4,818	(83)
Finance income	(10,766)	(16,608)
Changes in working capital:		
Inventories	(44,294)	(11,433)
Due from related parties	(78,346)	120,813
Trade and other receivables	(102,285)	14,892
Due to other parties	(277,066)	95,203
Trade and other payables	32,768	1,104
	1,482,534	2,311,904
Employees' end of service benefits paid	(47,143)	(18,004)
Net movement in advance against end of service benefits	6,098	2,173
Payment of pension obligation	(9,217)	(10,590)
Income tax paid	(118,393)	(139,081)
<b>Net cash generated from operating activities</b>	<b>1,313,879</b>	<b>2,146,402</b>

**STATEMENT OF CASH FLOWS (CONTINUED)**

For the year ended 31 December 2017

**2017 QR'000****2018 QR'000  
(Restated)**

<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(159,095)	(203,475)
Additions to intangible assets	(9,108)	-
Dividend received from joint ventures	755,416	866,499
Dividend received from an associate	1,500	2,000
Proceeds from disposal of property, plant and equipment	-	489
Finance income	10,766	16,608
Net cash generated from investing activities	599,479	682,121
<b>Cash flows from financing activities</b>		
Dividend paid	(2,142,400)	(3,056,200)
Net cash used in financing activities	(2,142,400)	(3,056,200)
Net decrease in cash and cash equivalents	(229,042)	(227,677)
Cash and cash equivalents at 1 January	916,949	1,144,626
<b>Cash and cash equivalents at 31 December</b>	<b>687,907</b>	<b>916,949</b>

# B. STAKEHOLDER ENGAGEMENT

Name of stakeholder	Channels of engagement	Sustainability interest/concerns
Government	<ul style="list-style-type: none"> <li>Meetings, conferences and collaborative projects</li> <li>Publication of annual integrated report</li> <li>International affairs function</li> </ul>	<ul style="list-style-type: none"> <li>QAPCO's contribution to the sustainability of Qatar's economy</li> <li>Regulatory compliance</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Quarterly meetings to generate mandatory government reports</li> <li>Board meetings</li> <li>Publication of annual integrated report</li> <li>Business updates</li> </ul>	<ul style="list-style-type: none"> <li>Financial sustainability</li> <li>Corporate governance</li> <li>Reputation</li> <li>Qatarization and sustainability KPIs</li> <li>Regulations</li> <li>Sharing of knowledge and information</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Marketing and media</li> <li>Website</li> <li>Publications</li> <li>Participation at key industry events</li> </ul>	<ul style="list-style-type: none"> <li>Pricing and supply of products</li> <li>Product safety and security</li> <li>Global citizenship</li> <li>Product innovation</li> <li>Cost optimization</li> </ul>
Community-based Organizations	<ul style="list-style-type: none"> <li>Involvement in organized events</li> <li>Employee volunteering</li> <li>Sponsorships</li> </ul>	<ul style="list-style-type: none"> <li>Support for community</li> <li>Job creation</li> <li>Impact on environment</li> </ul>
Academia	<ul style="list-style-type: none"> <li>Involvement in organized events</li> <li>Research projects</li> </ul>	<ul style="list-style-type: none"> <li>Support for research projects</li> <li>Support for students</li> </ul>
Industry associations	<ul style="list-style-type: none"> <li>Committee meetings</li> <li>Publication of annual integrated report</li> <li>Attendance at events and conferences</li> </ul>	<ul style="list-style-type: none"> <li>Impact on environment</li> <li>Support for local causes</li> <li>Downstream industry development</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Interviews</li> <li>Intranet and newsletters</li> <li>Employee survey</li> <li>Team building exercises</li> </ul>	<ul style="list-style-type: none"> <li>Employee rewards and benefits</li> <li>Career growth</li> <li>Employee retention</li> <li>Capacity building</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Procurement process</li> <li>Site audits with Muntajat</li> <li>Clarification meetings</li> <li>Publication of annual integrated report</li> </ul>	<ul style="list-style-type: none"> <li>Quality of service and quality control</li> </ul>

# C. SUSTAINABILITY DATA

Enhancing Our Operations	2013	2014	2015	2016	2017
Customer relations					
Internal Customer Satisfaction (%)	-	-	-	73	70
Technical query closing cycle time	-	-	-	5	4.4
Customer claim/complaint resolution rate (%)	-	-	-	-	100
Operations					
Quality Rate (%)	-	-	97.8	98.5	98.1
Ethylene yield (%)	-	-	74.7	74.6	74.8
Product handling performance (%)	-	-	0.011	0.009	0.004
% of prime grade (LDPE 1)	-	-	-	97	93
Inventory Turnover (excluding QVC) (%)	-	-	-	54	76
Polymer primary classifications transmitted within 3 hours rate (%)	-	-	-	99.1	98.9
Analyses completion cycle time (characterization lab) (days)	-	-	-	2	2
Preventative maintenance Completion (%)	-	-	-	76%	94%
WO urgency rate (%)	-	-	-	12.4	9.3
Inspection plan met – static (%)	-	-	-	98	99
Inspection plan met – rotating (%)	-	-	-	100	111
RCA action plan implementation overdue rate (%)	-	-	-	44.1	2.1
Production (tonnes)					
LDPE	723,283	666,420	748,131	795,004	785,391
LLDPE	559,166	502,436	492,900	564,361	446,046
Ethylene	787,234	691,452	827,171	829,732	744,125
Sulphur (sold as by-product)	47,613	35,566	35,711	42,285	556
Gross Ethylene Dichloride	-	-	-	-	450,944
Vinyl Chloride Monomer	-	-	-	-	344,812
Caustic Soda 100%	-	-	-	-	359,065
32% Hydrochloric Acid Solution	-	-	-	-	16,430

Enhancing Our Operations	2013	2014	2015	2016	2017
C3 C4	34,810	26,858	36,160	46,007	35,888
Pygas	24,760	19,573	25,390	24,772	18,270
Total	2,152,106	1,895,874	2,103,912	2,302,161	3,201,527
Our Safety Practices	2013	2014	2015	2016	2017
HSE Performance					
Total work hours (Employees)	2,044,757	2,243,730	2,037,335	1,791,581	1,893,610
Total work hours (Contractors)	2,072,354	4,543,256	2,703,046	4,952,705	3,276,128
Employee lost time injuries	0	0	0	1	1
Contractor lost time injuries	1	2	0	0	0
Lost time injury rate (LTIR) (employees and contractors)	0.24	0.29	0	0.15	0.58
Total recordable injury rate (TRIR) (employees) per 1 Mn m-hr	0.98	2.67	1.96	0.56	1.58
Total recordable injury rate (TRIR) (contractors) per 1 Mn m-hr	2.90	3.74	1.48	0.95	0.31
Total recordable injury rate (TRIR) (employees and contractors)	1.94	3.39	1.48	0.59	0.77
Total near miss reports (employees and contractors)	778	873	1,170	1,591	1,960
Near miss reporter ratio	-	-	0.25	0.75	0.62
Fatalities (employees and contractors)	0	0	1	0	2
Tier 1&2 process safety incident rate	-	-	1.05	0.81	1.35
Occupational Health					
Absence due to sickness (%)	1.0	1.0	1.2	1.1	0.9
HSE Training					
HSE training to contractors (Training man-hours)	7,320	15,114	8,055	5,508	12,901
HSE training to employees (Training man-hours)	5,132	4,356	5,018	5,535	30,820



Our Environmental Culture	2013	2014	2015	2016	2017
<b>Energy</b>					
Direct Energy					
Total direct energy (GJ)	20,652,625	17,611,815	20,150,366	22,672,340	18,214,275
Indirect Energy					
Electricity purchased (GJ)	269,118	236,988	351,500	240,732	2,001,312
Electricity exported (GJ)	96,552	138,773	102,841	102,319	26,165
Total indirect energy (GJ)	172,566	98,215	248,659	138,413	1,975,147
Total Energy Consumption					
Total energy consumption (GJ)	20,825,191	17,710,030	20,399,025	22,810,753	20,189,422
Energy intensity (GJ/tonne of ethylene and polyethylene production)	10.1*	9.5*	9.9*	10.4	10.2
<b>Emissions and Flaring</b>					
Direct GHG emissions (tonnes CO <sub>2</sub> e)	1,744,211	1,599,053	1,270,347	1,463,164	1,206,582
Indirect GHG emissions (tonnes CO <sub>2</sub> e)	41,350	45,393	67,327	138,413	341,687
Total GHG (tonnes CO <sub>2</sub> e)	1,785,561	1,644,446	1,337,674	1,601,577	1,548,269
GHG intensity (tonne CO <sub>2</sub> e/tonne of ethylene and polyethylene production)	0.86	0.88	0.65	0.73	0.78
Flaring (MMSCM)	21.6	43.2	140.4	39.6	401.4
Flaring Intensity (SCM/tonne)	17	37	113	29	326
Ethylene flare rate - MME (%)	-	-	-	1.23	1.40
Acid gas flare rate - MME (%)	-	-	-	13.30	99.00
<b>Water</b>					
Total fresh water consumption (m <sup>3</sup> )	2,103,022	2,172,250	2,013,459	2,109,438	2,542,278
Water intensity (m <sup>3</sup> /tonne of ethylene and polyethylene production)	1.02*	1.17*	0.97*	0.96*	1.29
Total volume of water recycled and reused (m <sup>3</sup> )	1,589,082	1,273,623	1,052,087	-	-
Percentage of water recycled and reused (%)	40	39	52	-	-
Total volume of water discharged (m <sup>3</sup> )	1,420,374	981,053	1,169,665	1,176,285	1,041,039
<b>SO<sub>x</sub> and NO<sub>x</sub> Emissions</b>					
SO <sub>x</sub> emitted (tonnes)	617	321	287	288	222
SO <sub>x</sub> intensity (tonne SO <sub>x</sub> / thousand tonne of ethylene production)	0.78	0.46	0.35	0.35	0.30
NO <sub>x</sub> emitted (tonnes)	4,239	3,033	2,974	3,227	3,028
NO <sub>x</sub> intensity (tonne NO <sub>x</sub> /thousand tonne of ethylene production)	5.38	4.39	3.60	3.89	4.07

\*These figures have been revised for as a result of improving our calculation methodology.

Our Environmental Culture	2013	2014	2015	2016	2017
<b>Waste Management</b>					
Total waste generated during the year (tonnes)	303	850	313	339	1,475
Waste carried from previous year (tonnes)	119.2	148.2	288.9	74.4	47.0
Total waste balance (tonnes)	422.6	998.0	602.0	413.0	1522.4
Total waste sent to landfill (tonnes)	92.12	502.63	403.12	166.98	1,891.35
Total waste recycled (tonnes)	181.3	206.2	126.8	202.5	132.8
Recycled waste as a percentage of total waste generated (%)	43	21	21	49	9
Total waste stored (tonnes)	149.2	289.2	72.1	43.5	92.0
<b>Spills</b>					
Significant oil spills (> one barrel)	1	0	0	0	1
Volume of spills (million litres)	3	0	0	0	0.04

QVC: Environmental Performance	2013	2014	2015	2016	2017
<b>Energy</b>					
<b>Direct Energy</b>					
Natural gas (GJ)	-	-	-	-	16,575,496
Total direct energy (GJ)	-	-	-	-	16,575,496
<b>Indirect Energy</b>					
Electricity purchased (GJ)	-	-	-	-	237,546
Electricity exported (GJ)	-	-	-	-	6,667
Total indirect energy (GJ)	-	-	-	-	230,879
<b>Total Energy Consumption</b>					
Total energy consumption (GJ)	-	-	-	-	16,806,375
Energy intensity (GJ/tonne of production)	-	-	-	-	13.4
<b>Emissions and Flaring</b>					
Direct GHG emissions (tonnes CO <sub>2</sub> e)	-	-	-	-	26,614
Indirect GHG emissions (tonnes CO <sub>2</sub> e)	-	-	-	-	935,333
Total GHG (tonnes CO <sub>2</sub> e)	-	-	-	-	961,947
GHG intensity (tonne CO <sub>2</sub> e/tonne production)	-	-	-	-	0.77
Flaring (MMSCM)	-	-	-	-	N/A
Flaring Intensity (SCM/tonne production)	-	-	-	-	N/A

<b>QVC: Environmental Performance</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Water</b>					
Fresh water used, purchased (m <sup>3</sup> )	-	-	-	-	932,773
Fresh water used, company generated (m <sup>3</sup> )	-	-	-	-	0
Total fresh water use (m <sup>3</sup> )	-	-	-	-	932,773
Water intensity (m <sup>3</sup> /tonne production)	-	-	-	-	0.75
Water discharged, to sea (m <sup>3</sup> )	-	-	-	-	466,211
Water discharged, other than sea (m <sup>3</sup> )	-	-	-	-	20,291
Water recycled or reused (m <sup>3</sup> )	-	-	-	-	0
<b>SO<sub>x</sub> and NO<sub>x</sub> Emissions</b>					
SO <sub>x</sub> emitted (tonnes)	-	-	-	-	N/A
SO <sub>x</sub> intensity (tonne SO <sub>x</sub> /tonne of ethylene production)	-	-	-	-	N/A
NO <sub>x</sub> emitted (tonnes)	-	-	-	-	395
NO <sub>x</sub> intensity (tonne NO <sub>x</sub> /tonne of ethylene production)	-	-	-	-	0.32
<b>Spills</b>					
Significant oil spills (> one barrel)	-	-	-	-	0
Volume of spills (million litres)	-	-	-	-	0
<b>Waste Management</b>					
Total waste generated (tonnes)	-	-	-	-	502
Total waste recycled (tonnes)	-	-	-	-	6
Total waste sent to landfill (tonnes)	-	-	-	-	338
<b>Optimizing our Financial Performance</b>					
<b>Our Financial Performance</b>					
Sales (QR millions)	4,452	4,404	4,040	3,893	3,965
OPEX consumption rate (%)	-	-	93	123	90
<b>QAPCO Consolidated Profit (QR billions)</b>					
Gross profit	3.0	2.8	2.4	2.1	2.0
Profit before income tax	3.8	3.4	2.7	2.5	2.4
Combined revenues of QAPCO, Qatofin and QVC* (QR billions)	7.9	7.8	6.7	6.6	8.1
QAPCO Shareholders Equity (QR billions)	8.511	8.519	8.458	8.074	8.235
<b>Outcomes of Our Activities on Financial Performance (QR Millions)</b>					
Economic Value Distributed (QAPCO, QR millions)	6,858	6,850	6,774	6,911	6,119

Optimizing our Financial Performance	2013	2014	2015	2016	2017
EBITDA (includes share of JVs & Associates)	3,988	3,617	3,129	2,843	2,709
Employee wages and benefits	424	468	431	415	428
Payments to local shareholder	2,194	2,455	2,945	3,448	2,806
Gross taxes	148	183	139	118	109
National developpee investment	92	116	112	83	62
Community investment: Total social investment spending (QAPCO)	12	11	19	4	4
Economic Value Distributed (QATOFIN, QR millions)	3,574	3,921	3,234	3,327	2,793
Operating costs	1,563	1,545	1,465	1,483	1,406
Employee wages and benefits	12.57	8.71	9.34	6.1	5.78
Payments to providers of capital	1,800	2,167	1,539	1,609	1,160
Payment to government	-	-	-	-	-
Gross taxes	-	-	-	-	-
Community investment: Total social investment spending	0.71	5.92	5.59	2.68	0.69
Depletion, depreciation and amortization	197	194	216	226	220
Economic Value Distributed (QVC, QR millions)	-	-	-	-	1,986
Operating costs	-	-	-	-	1,250
Employee wages and benefits	-	-	-	-	143
Payments to providers of capital	-	-	-	-	298
Payment to government	-	-	-	-	-
Gross taxes	-	-	-	-	155
Community investment: Total social investment spending	-	-	-	-	-
Depletion, depreciation and amortization	-	-	-	-	140

\*QVC is included in 2017 figure only

Investing in People	2013	2014	2015	2016	2017
<b>Workforce</b>					
Total number of employees (QAPCO, QATOFIN and QVC)	-	-	1,192	1,072	1,201
Voluntary turnover rate (%)	-	-	-	13.8	11.3
<b>Employment, by Level</b>					
Non-managerial staff	853	818	745	655	670
Non-managerial staff (%)	64	63	63	61	56
Middle management	439	446	417	368	474
Middle management (%)	33	34	35	34	39
Senior management	33	30	30	49	57
Senior management (%)	2	2	3	5	5
<b>Qatarization</b>					
QAPCO Qatarization* (%)	30	31	34	31	26
Qatari national headcount	-	-	-	298	270
Investment in sponsorships and scholarships for Qatarization (QR)	8,757,000	11,318,654	23,793,836	16,214,253	16,106,710
Scholarships and students sponsored	78	80	85	70	47
University/educational institutes partnerships	20	16	16	16	16
<b>Workforce Distribution, by Gender</b>					
Male employees	1,282	1,249	1,152	1,029	1,158
Male employees (%)	97	97	97	96	96
Female employees	43	45	40	43	43
Female employees (%)	3	3	3	4	4
<b>Workforce, by Age Group</b>					
Employees under 30	296	260	208	165	112
Employees under 30 (%)	22	20	17	15	9
Employees 30-50	768	789	774	740	812
Employees 30-50 (%)	58	61	65	69	68
Employees over 50	261	245	210	167	277
Employees over 50 (%)	20	19	18	16	23
<b>New Employee Hires, by Employment Level</b>					
Executive & senior management	-	-	-	2	8
Middle management	-	-	-	9	84
Non-managerial staff	-	-	-	35	149

\*As per QP definition



Investing in People	2013	2014	2015	2016	2017
<b>New Employee Hires, by Gender</b>					
Female	-	-	-	6	8
Male	-	-	-	40	233
<b>New Employee Hires, by Age Group</b>					
Under 30	-	-	-	12	22
30-50	-	-	-	29	165
Over 50	-	-	-	5	54
Total number of new employee hires	-	-	-	46	241
<b>Employees that Left the Organization, by Employment Level</b>					
Executive & senior management	4	5	38	1	4
Middle management	28	44	50	48	44
Non-managerial staff	57	80	49	99	88
<b>Employees that Left the Organization, by Gender</b>					
Female	2	6	4	6	3
Male	87	123	133	142	133
<b>Employees that Left the Organization, by Age Group</b>					
Under 30	36	32	33	34	25
30-50	37	49	47	73	67
Over 50	16	48	57	37	44
Total number of employees that left the organization	89	129	137	148	136
<b>Training</b>					
Employees trained	1,243	936	812	690	1,094
Workforce training (hours)	41,704	53,832	24,752	29,336	21,017
<b>Employees trained, by gender</b>					
Male	1224	912	786	663	1,053
Female	19	24	26	27	41
<b>Average hours of training per employee, by gender</b>					
Male employees	33	55	29	54	18
Female employees	88	128	55	27	40
<b>Average hours of training per employee, by employee category</b>					
Senior management	57	39	30	50	39
Middle management	47	75	35	52	28
Non-managerial staff	32	46	27	29	11
Average hours of training per individual employee	33	57	30	28	19

Investing in People	2013	2014	2015	2016	2017
Average cost of training per individual (QR)	3960	5459	3878	1841	2,579
Training plan achievement (%)	-	-	-	73	70
<b>Our Community</b>					
Total social investment spending (QAPCO, QR millions)	-	-	19	4	4
Total social investment spending (QATOFIN, QR millions)	-	-	5.59	2.68	0.69
<hr/>					
Our Procurement Practices	2013	2014	2015	2106	2017
<b>Local Procurement</b>					
Total purchases on local goods and services (%)	78	81	83	71	72
Savings (%)	-	-	7.60	7.60	7.30

# D. GRI CONTENT INDEX

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