

BUSINESS CONTINUITY

ANNUAL
REPORT **2020**

Cautionary Statement

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





ABOUT

THIS REPORT

Welcome to our Annual Report 2020 on performance and the creation of value across economic social and financial 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 2020.

This report covers QAPCO's financial and non-financial performance for the period from 1 January 2020 to 31 December 2020. 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 Q.P.J.S.C. and Qatar Vinyl Company Limited (QVC) Q.P.J.S.C. and rely on the majority venture partners to present performance for the remaining companies.

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



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

CHAIRMAN'S MESSAGE



Despite the many challenges posed to our industry since 2019-2020 market changes and the huge impact of the ongoing pandemic, both Qatar and its domestic corporations, including QAPCO, have proven to be amazingly resilient in the face of any challenge. QAPCO was able to effectively manage its supply chain and operations with continuous access to the goods and services required to sustain 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 alignment with the objectives of the Qatar National Vision 2030, and under the visionary leadership of His Highness Sheikh Tamim bin Hamad Al Thani, the Emir of the State of Qatar, the wise guidance of His Excellency Saad Sherida Al-Kaabi, Minister of State for Energy Affairs, the unwavering commitment of our Shareholders, Industries Qatar and TotalEnergies, the strategic oversight of our QAPCO Board of Directors and executive management team, the dedication of our employees, and the support of our partners, QAPCO continues to invest in opportunities for the long term growth and success of its operations.

Optimizing the impact of our resources and of our operations for our stakeholders requires drive and vision, and now more than ever, sustainability is at the center of our mission as we prioritize our long term competitiveness and invest for our future.

We invite you to learn about the many factors contributing to our dynamic and sustainable growth in 2020 in the following report.

Abdulaziz Jassim M. Al-Muftah
Chairman of the Board of Directors

MD & CEO **MESSAGE**



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. In this report we shed light on the integrated progress of our initiatives to achieve this vision through sustainability, innovation, and growth.





2020 was a particularly challenging year, 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 dependability. 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.

Like the rest of the world, QAPCO is sparing no effort to combat the spread of COVID-19 within its workplace. Through organized efforts and sound regulations, we continue to minimize the possible outbreak of the virus in our workplace and will continue to enhance our defenses and improve our processes to be more efficient and resilient.

2020 was exceptional for all of us, however together we find it important that each year we take this opportunity to appreciate our employees and recognize their efforts. Everyone should take great pride in knowing that they are important member of our organization – and contributor to our success. Constant growth and strength are certainly some of the characteristics that best define QAPCO and are the result of the company's focused strategy.

Overall, QAPCO was able to improve operational efficiency and cost optimization, and to achieve strong operating and financial results. As safety is a core value and we strive continuously to improve the overall safety performance of our employees and contractors. Together, we have put a lot of work, effort and focus on safety

over the past years with the High Performance Safety program (HPS). However, we do realize that it is a journey and risks are always part of our daily operations. This year we also continue our efforts and progress of the Process Safety Management Program (SALAMAH), that drove and improved our Process Safety culture, systems, capabilities and overall prevent major accidents from occurring.

QAPCO's focus on long-term thinking and sustainability were crucial in enabling the company to successfully rise above the exceptional circumstances it faced since 2017. Historically, QAPCO has focused on different key themes in its annual report and this year we will focus on "business continuity" as it demonstrates the perseverance and resiliency QAPCO displayed over the past year.

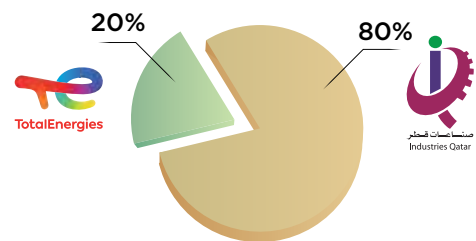
As we realize new opportunities through integrated, sustainability-minded management approach, we are creating value for Qatar through operational efficiency, sound economic performance, social development programs and environmental practices. For this, QAPCO is publishing the 2020 Annual Report and we hope that our stakeholders will benefit from the value of integrated thinking and consideration of the impact that non-financial performance has on the long-term success of our business. I am looking forward to your engagement with us as we continue towards our vision of prosperity through innovation.

Dr. Mohammed Yousef Al-Mulla
Managing Director & CEO

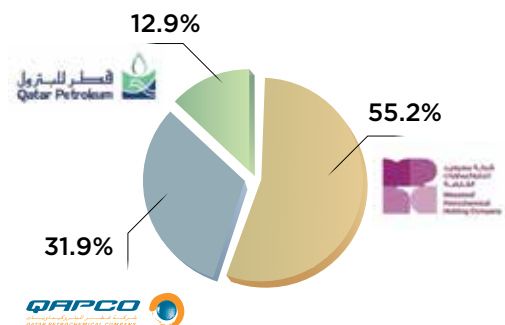


ABOUT QAPCO

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 TotalEnergies.



QAPCO SHAREHOLDERS



QVC SHAREHOLDERS

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 Company Limited Q.P.J.S.C.



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%), TotalEnergies (36%) and Qatar Petroleum (1%).



Ras Laffan Olefins Company Ltd .

RLOC is joint venture between Qatofin (45.69%), Q-Chem II (53.31%) and Qatar Petroleum (1%). It owns a cracker that supplies LLPE unit with ethylene feedstock and is managed and operated by Q-Chem II.



Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.

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%), QAPCO (31.9%) and Qatar Petroleum (12.9%).



Qatar Plastic and Wooden Products Co. W.L.L.

QPWPC was established in 1998 and started commercial production in 2000 of plastic film, used for industrial packaging. QPWPC now produces a wide range of products, including WPC (wood plastic composite) from fill seal, shrinkable films, shrinkable hood, construction trash bag, and general purpose foil. Located at Mesaieed Industrial City, QPWPC is owned by two shareholders: QAPCO (33.34%) and QIMC (66.66%).



OUR VISION, MISSION & VALUES

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, product, research and development achievable only through a development talented workforce while safeguarding health, safety, and the environment.

OUR VALUES



Excellence

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



Safety

We persist 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 action.



Innovation

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



Stewardship

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

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 9 members, whose credential 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 TotalEnergies, based on relevant expertise and knowledge. The appointment of the Board member by the shareholders is done in accordance with Article 19 & 20 of QAPCO's Articles of Association.

BOD CHARTER

The Board Charter adopted by the Board of Directors to assist the Directors in the exercise of their roles, duties and responsibilities. To ensure the highest integrity and confidence in Board activities, the Board Charter requires all Board Members to execute Declaration of Interest form on annual basis. The provisions of the Board Charter are in addition to and are not intended to change or supersede the Protocol of Association (the "POA"), the Memorandum of Association (the "MOA") and the Articles of Association ("AOA"), of the Company. While the fundamental objective of the Board is to act in the best interest of the Company, the Board has a responsibility to ensure consistency between shareholders expectations, corporate plans and management performance in a safe, ethical, environmentally sound and sustainable manner and in compliance with applicable laws and regulations. The main purpose of the forthcoming regulations is to ensure compliance by the Board with the AOA and MOA in conjunction with the terms, and stipulations set out in the POA. The Board functions as stewards of the Company, has statutory authority and obligations to manage the affairs and business of the Company. It is noteworthy to stress that delegation of responsibility by the Board to a committee, or any person does not absolve the Board from responsibility for that committee's or person work or decisions.

The Board is establishing committees as necessary or appropriate to which it may delegate authority under the Board's responsibility. The Board set forth the authority, purposes, goals and responsibilities of the committees as well as qualifications of committee members, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. There are various Board and Non-Board Committees which play major role in guiding the activities of our company and ensuring effective management to its activities that include but not limited to the following:

- 1- Audit Committee
- 2- Governance Risk and Compliance (GRC) Committee
- 3- Cross Company Executive Operating Committee
- 4- Tender Committee
- 5- Health, Safety, Security and Environment (HSSE) Committee
- 6- Human Resource & Qatarization Committee
- 7- Disciplinary Committee
- 8- Information Technology & Cyber Security Committee

Further embedding our commitment to transparency within our company, all employees are required to declare any conflict of interest. These declarations are then addressed through the Conflict of Interest Committee for further assessment and examination.

OUR BOARD OF DIRECTORS



Mr. Abdulaziz Jassim M. Al-Muftah
Chairman



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



Dr. Mohammed Yusef 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. Yusef Mubarak A. B. Al-Sulaiti
Board Director



Mr. Francois Good
Board Director



Mr. Philippe Legrand
Board Director

OUR STRATEGY AND CORPORATE EXCELLENCE



QAPCO's business strategy has been formulated to enable us to excel, differentiate and grow.

QAPCO's strategy has been developed in accordance with Qatar National Vision 2030, Qatar Petroleum (QP) and Industries Qatar (IQ) vision and strategy. Our mission and vision are driven by five main pillars: Operational Performance, Safety, Sustainability, Financial Performance and Stakeholder Satisfaction. One of the most important initiatives that will continue to be our focus is QAPCO Full Potential. QFP's Operational focus in 2020 was on efficiency, margin improvements and variable cost reduction. The scope of this program will continue to expand as 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 2020 was the optimization of ethylene allocation based on contribution margins. Through this initiative QAPCO was able to achieve substantial bottom-line improvement by maximizing derivatives with highest contribution.



Sustaining our operations



Supporting our business



Growing our economy

	Strategic Objectives	Key Performance Indicators
Current business and competitor	STAKEHOLDER Improve Relationship with Stakeholders	<ul style="list-style-type: none"> Customer Satisfaction Rate (%) # Justified Customer Claims
Sector analysis: aspirations / constraints	OPERATIONS Enhance Production Target Achievement	<ul style="list-style-type: none"> Production (in MT)
Stakeholder engagement	Improve Reliability and Integrity	<ul style="list-style-type: none"> Overall equipment effectiveness
	Improve Product Quality	<ul style="list-style-type: none"> Prime Grade Prod. Rate (%)
	SUSTAINABILITY Increase National Manpower Retention & Improve Competency	<ul style="list-style-type: none"> Qatarization rate (%) National attrition rate (%)
QAPCO 5 year strategy	Improve Regulatory Compliance	<ul style="list-style-type: none"> CTO Compliance rate (%)
	Improve Environmental	<ul style="list-style-type: none"> Flaring _Hydrocarbons (MT/Hour)
	FINANCIAL Reduce Controllable Cost	<ul style="list-style-type: none"> OPEX Budget Variation rate (%) CAPEX expenditure vs. Budget (%)
	SAFETY Reduce Safety Accidents to Zero	<ul style="list-style-type: none"> TRIR LTIR Number of Process Safety Events (Tier1&2)

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

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

Our Approach to Risk Management

QAPCO manages, monitors and reports on the principal risks and uncertainties that can impact our ability to deliver strategy and achieve our strategic objectives. Our management systems, organizational structures, processes, standards, code of conduct and behaviors together form a system of internal control that governs how we conduct the business of QAPCO and manage associated risks.

QAPCO's Enterprise Risk Management policy and system is designed to be a consistent and clear framework for managing and reporting risks from operations to management and to the board. The system seeks to avoid incidents and enhance business outcomes by allowing us to:

- In the context of our business activities, identify, assess and analyze the potential risk exposures for QAPCO.
- Determine how best to deal with these risks to manage overall potential exposure.
- Manage the identified risks to as low as reasonably practicable through various short-, medium- and long-term actions.
- Monitor and provide assurance of the effectiveness of the management of these risks and intervene where necessary.
- Report up the management line to the Governance Risk and Compliance Committee and the board on a regular basis on how significant risks are being managed, monitored, assured and the improvements that are being made.

QAPCO's Board of Directors is ultimately accountable for risk and is committed to sustaining effective risk management processes while pursuing our strategic objectives. On a quarterly basis, management, the leadership team, the board and relevant committees provide oversight of how significant risks to QAPCO are identified, assessed and managed.

They help to ensure that risks are governed by relevant policies and are managed appropriately. Such oversight may include reviews of the outcomes of business processes including strategy, planning and resource and capital allocation.

Risk management is at the core of our decision-making processes. We integrate risk management into key business processes such as strategy, planning, performance management, resource and capital allocation, and project appraisal through our established ERM framework for collating risk data, assessing risk management activities, making further improvements and in connection with planning new activities.

QAPCO's philosophy on Enterprise Risk Management (ERM) is the proactive management of risks while taking advantage of opportunities that present themselves. Our methodology is a comprehensive integrated risk management system aligned with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and other industry standards, like ISO 31000. 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.

QAPCO's group risk team analyses the group's risk profile and maintains the group's risk management system. Our internal audit team provides independent assurance to the Chief Executive Officer and Board as to whether the group's system of internal control is adequately designed and operating effectively to respond appropriately to the risks that are significant to QAPCO.

2020

ACHIEVEMENTS & **HIGHLIGHTS**



Total Production

3.05
MILLION TONS

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

QAPCO Gross Profit

1.195
BILLION QAR



Combined revenue of
QAPCO, Qatofin and QVC

5.938
BILLION QAR

9th

Annual Qatarization Crystal Award

for our efforts in 'Supporting and
Liaising with the Education Sector'



1,182

Total Number
of Employees
(QAPCO, Qatofin and QVC)



75%-80%

Reduction in
NOx Emissions
from GTs Revamping Project

55,554

Employee HSE
Training Man Hours



96%

Training Plan
Achievement (%)



Continuing
SALAMAH
PSM PROGRAM

BUSINESS CONTINUITY MANAGEMENT



In 2020, we witnessed the unprecedented impact of the COVID-19 global pandemic on economies, businesses, societies, individuals, and families as infections spread around the world. COVID-19 pandemic forced the whole oil and gas industry to adapt to new ways to face new challenges, risks & threats - from health & safety, cyber security threats, supply chain disruptions, and more. Despite these challenges introduced by the pandemic and its direct impact on people, processes, and suppliers, QAPCO has proved to be extremely resilient in the face of this crisis.

QAPCO has always recognized that effective business continuity management is crucial in maintaining business operations and ensuring long term sustainability and created a team dedicated to the development, implementation, and management of business continuity. Best in class business continuity management practices and culture provided QAPCO the capability to respond to the

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disruption caused by COVID-19 in a structured and efficient manner. The inclusion of continuity strategies into our day to day business activities and the exercising of the plans in anticipation of potential major business disruptive events identified through our Enterprise Risk Management process, further contributed to QAPCO's organizational resilience.

The 2020 global pandemic posed an extreme risk to the organization. However, through swift and efficient actions that were fully supported by the executive leadership team and senior management, QAPCO demonstrated unwavering teamwork focused on the singular goal of ensuring the health and safety of all staff, contractors, visitors, and their respective families. The collective efforts of Executive, Management, and all Staff, QAPCO

was able to effectively manage and mitigate the extreme risks posed by the COVID-19 pandemic to as low as reasonably possible, resulting in one of the best annual performance results in the history of QAPCO despite the ongoing global pandemic.

QAPCO activated its Pandemic Crisis Management Taskforce in early February 2020 prior to any confirmed COVID-19 case in Qatar. The team developed a risk-based threat level matrix with appropriate protocols to manage each level of risk. The Crisis Management Taskforce, led by the MD&CEO availed all necessary resources (Personnel, Budget & Time) to implement the many precautionary and reactionary measures that were fundamental to ensure QAPCO's ability to continue business as usual during the pandemic.

QAPCO Activates Its Business Continuity Plan

QAPCO proactively activated precautionary measures with continuous communication to Employees and contractors to mitigate the risk of COVID-19. This is in alignment with Qatar's National direction.



- Health awareness emails / messages sent
- Answers to FAQ about COVID-19
- Emergency isolation rooms prepared
- Quarantine areas identified



- Corporate events / gatherings cancelled
- Avoidable meetings cancelled
- New Meeting Protocol issued
- Start-of-shift Toolbox Talks and awareness



- Awareness leaflets printed and distributed
- Posters and rollups printed
- TV screens to display awareness messages



- Employee Travel Guide prepared
- Annual leave policy revised



- New guidelines on customary greeting habits
- Emphasis on social distance
- Temperature screening before entry



- Closure of Prayer Rooms
- Officeboy services suspended
- Gym/Recreation facilities suspended



- Changes to dining and restaurant services
- Different dining schedule for separate teams
- Buffet service replaced with parcel service
- Seating capacity per table reduced



- Handsanitisers installed at more locations
- Cleaning services enhanced
- Biometric punching suspended



- Prohibition on delivery of food / goods
- Visitors banned to Doha HQ



- Work From Home for Vulnerable Employees
- Reduced number of Doha Office Employees
- Flexible working hours for Doha Employees
- Tracking Strategy for Contractors

It was identified early that the COVID-19 pandemic would impact (i) People (ii) Supply chain (iii) Facilities and the associated contingency strategies that would be critical enablers to manage the resulting risks.

People are the heart of QAPCO's business, and this was emphasized during the pandemic as the top priority was to ensure the wellbeing of all personnel entering our facilities. Several precautionary protocols were implemented to limit the spread of the virus. Awareness campaigns were run for both employees and contractors to ensure that all were aware of the risk COVID-19 posed. Another vital measure implemented was Work From Home for employees without impacting the business operations.

The implementation of the various measures changed the way we conducted our day to day business. These included and were not limited to:

- Thermal scanning of all personnel entering any of our facilities.
- Identified minimum staffing as per Business Continuity Plans, Planned for split-team arrangements and remote working.
- Designed and implemented an efficient patient tracking policy.

- Strategy for staff segregation and social distancing protocols.

The pandemic also resulted in worldwide national lockdowns being implemented. This affected the operation of several companies worldwide impacting our supply chain. With the activation of the COVID-19 taskforce, QAPCO immediately focused on critical raw materials / supplies that were required to ensure continuity of its operations. Actions taken included and were not limited to:

- Screening of critical suppliers for potential disruption
- Identify, prioritize, and follow up suppliers (Raw Material, Critical spare parts, Vital and Essential Chemicals/Consumables) from COVID-19 affected countries
- Increase stock levels of all critical raw materials, specialized teams for expediting.
- Activities which were disrupted due to foreign contractors' unavailability was sourced to local companies

Information Technology department enabled in implemented the business continuity solutions by accelerating the Work from Home infrastructure. This helped employees to collaborate more





effectively and with costs under control. However, with the implementation of these new infrastructures, new risks also emerged such as cyber-attacks. These risks were managed successfully by Information Security Department.

The Pandemic has been a true test of QAPCO's ability to manage a major business interrupting event. QAPCO was not only able to cope with the operational impacts of the ongoing pandemic but became an even more resilient organization. Various key disciplines in QAPCO such as Crisis Management (Including crisis communication), IT Resilience and Business Continuity complemented each other to form a comprehensive approach to manage the impacts of the pandemic without any business interruptions.

The pandemic prompted QAPCO to strengthen its business continuity further, taking several key learnings in the process. It has also provided an opportunity to test our plans and work to better respective business continuity plans and procedures.

Overall, 2020 provided several opportunities for QAPCO to reinforce its BCM capability. Those opportunities have been fully embraced and further enhancements will be made to ensure that QAPCO always remains an example of excellence in the industry. It is important to recognize that it's the people at QAPCO that made all the plans successful.

The pandemic prompted QAPCO to strengthen its business continuity further, making several other key learnings in the process. It has also provided an opportunity to test our plans and work to better respective business continuity plans and procedures.



SAFETY





OUR SAFETY **PERFORMANCE**

OUR SAFETY PERFORMANCE

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 employee lost time injuries which was successfully achieved during 2020. We completed our journey in 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.

We continued the journey and launched our Process Safety Management Program (Salamah) in 2019 which is focusing on Process Safety Excellence. It is all about recognizing hazards and the associated risks: ensuring that potential hazards in the process are identified, understood, and

controlled for the purpose of preventing injuries and incidents to plant personnel, plant assets, surrounding communities, and the environment. 2020 was remarkable as the program continued to achieve a great results, despite stopping some activities, however the team continued and we have published a series of PSM improved procedures and formed a taskforce to review the progress.

A comprehensive PSM system integrates all elements of technology, facilities and personnel and is supported by a strong leadership and management commitment. The integration and good governance of these elements lead to safe and healthy workplaces.



Paul Gerardus Vermeiren
Chief HSEQ Officer



1,885,856

Total work hours
(Employees)



5,481,738

Total work hours
(Contractors)



7,367,594

Total work hours
(Employees + Contractors)

To further improve our HSE performance, we continued to implement initiatives and undertake actions with a permanent focus on people and the environment. Sustainability starts with people and we invest in our people and their safety.

QAPCO realizes that technical approaches and procedures are only part of the formula to reach its ultimate targets of no lost-time or recordable injuries among employees and contractors. This is why QAPCO devotes serious attention to human and organizational factors.

QAPCO is convinced that developing a strong HSE culture has the single greatest impact on incident reduction of any process. Towards building a safety culture, QAPCO continuously focuses on the development of HSE leadership skills.

WORKPLACE SAFETY

0

Employee
Lost Time
Injuries

2

Contractor
Lost Time
Injuries



0.27

Lost Time Injury Rate (LTIR)
(Employees and Contractors)

0

Total Recordable
Injury Rate (TRIR)
per 1 million manhour
(Employees)

0.91

Total Recordable
Injury Rate (TRIR)
per 1 million manhour
(Contractors)

0.68

Total Recordable Injury Rate (TRIR)
per 1 million manhour
(Employees and Contractors)



82

Total Near Miss Reports
(Employees and Contractors)

HSSE Objectives

- 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.
- Speak up and encouraging the organization members to be transparent.



HSSE Capability Building Continues

Significant HSSE Training Courses Completed

Authorized Gas Tester Awareness	Lock-Out Tag-Out
Basic Technical Integrity	MSDS Management- User Awareness
Confined Space Entry Safety	NT: General HSSE Training Offsite Employees
Emergency Response Plan	NT: L1&L2 Compact Course for On-Site Non-Technical Staff
Environmental Management	Permit To Work, LMRA, Zero Energy
Eye & Face protection	Personal Protective Equipment (PPE) & Safety Sign
Fire Extinguisher & Mobile Foam Generator - Practical	Process Safety Management Awareness
Fire Extinguishers - Level 1	QAPCO 12 Golden rules at Work
Hazard Awareness (H2S,N2,VCM,EDC,Chlorine)	QAPCO HSE Integrated Management System (IMS)
Hazard Identification & Reporting	Respiratory Protection
Hearing Conservation	Risk Assessment / Job Safety Analysis (JSA)
Heat Stress	Self-contained Breathing Apparatus (SCBA) / Airline System
Industrial Hygiene & Office Ergonomics	Working at Height



Contractor Staff

Course Title	Headcount	Training Hours
Crew Workers Level -1 & 2	1890	15120
Lead Executor Level -2	228	3656
Confined Space Entry Watch	119	357
Fire Watch	146	438
SCBA-BA	57	171
Specialist Worker	184	552
Refresher Crew Worker	1171	3513
Refresher Lead Executor	305	2440
Flagman	214	642
Total	4314	26889

HSSE TRAINING



26

HSSE
Training
Courses

4,314

Contractor
Staff
Trained

26,889

Contractor
Training
Hours

SALAMAH

Process Safety Management Program

Our Journey to Process Safety Excellence

Process Safety Management is all about recognizing hazards and associated risks in a manufacturing process: ensuring that potential hazards in the process are identified, understood, and controlled for the purpose of preventing injuries and incidents to plant personnel, surrounding communities, and the environment. Because high consequence process safety incidents happen at low frequency, signs of catastrophic consequences

are usually disregarded by organizations with a low Process Safety Management Safety Culture. It goes beyond occupational safety and is about managing risks associated to the operations and assets, which cannot be detected by direct observation. We have embarked this journey during 2019 to further improve our Process safety culture, systems, capabilities and overall prevent major accident.

SALAMAH TALKS



8

Salamah Talks Sessions in 2020



4

Focus Area Topics Discussed in 2020



130

Average Attendance Per Session

How did we manage the program during COVID-19

We witnessed a great progress of the SALAMAH program and the team's achievements bringing QAPCO closer to PSM excellence. Indeed, it has been a tough year for everyone and the SALAMAH program is no exception. During that period, the team was ensuring the sustainability of the program achievements, signing-off developed procedures, and developing a strategy for the program resumption. The SALAMAH team utilized Microsoft Teams to conduct all necessary meetings. In June, the program was officially resumed.



Our Role To Sustain Our Planet

Sound management and oversight of our environmental impact is fundamental to our ability to operate responsibly. QAPCO understands and takes responsibility for the impacts that the plant's operations have on the atmosphere, surrounding ecosystem, and environment. Through investment in high efficiency machinery and the commitment of our management and staff towards sound environmental management, QAPCO has achieved significant progress in optimizing its operations to reduce environmental impact. Strong coordination and communication with the Qatar Ministry of Municipality & Environment (MME) and the Qatar

Petroleum HSE Regulations and Enforcement Directorate are critical to ensuring that we are able to implement successful environmental management plans.

In compliance with national environmental regulation and following a good practice of environmentally conscious industrial entity, we report our environmental performance to the Ministry of Municipality & Environment (MME) and to the public and as a result of our investments in environmental management, QAPCO has achieved significant progress in optimizing its operations to reduce its environmental footprint.

2020 Highlights

- **NOx Emissions Reduction from GTs:** QAPCO upgraded and replaced all its six GTs. This has resulted in 75% to 80% reduction in NOx emissions from QAPCO GTs, which is the major source of such emissions.
- **Implementation of RATA (Relative Accuracy Test Audit) for all the CEMS (Continuous Emission Monitoring System) within QAPCO and QVC** has been implemented and RATA services were planned and conducted in coordination with operations for the installed CEMS.
- **Process Wastewater Discharges:** QAPCO has agreed on a Time Bound Compliance Action Plan with MME to upgrade its wastewater treatment unit and also to implement NZLD (Near Zero Liquid Discharge) requirements.

QAPCO upgraded and replaced all its 6 GTs



Resulted in
75% - 80%
Reduction
in NOx emissions

2020 Contributions To The Environment

1. Continuation with LDAR program through outsourcing after the completion of TA2021.
2. Installation of CEMS on the remaining 2 Cracking Furnaces.
3. Upgradation of QVC GTs CEMS to comply with MME requirements.
4. Execution of the Groundwater Decontamination project in the Ethylene plant area
5. Detailed assessment of groundwater contamination in the Vinyl (QVC) plant area and recommendation for remedial actions
6. GHG Accounting and Reporting Program as required under QP procedures.
7. Installation of totalizers and analyzers on QAPCO elevated and ground flare headers.

DIRECT ENERGY PRODUCTION

Energy is one of the most important aspects of QAPCO's operation and production of ethylene products. Our consumption and outputs have improved considerably relative to our production, due to our ongoing plant optimization projects. Realizing energy efficiency gains has been the focus of our teams, since resource optimization is tremendously important, now more than ever.

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.

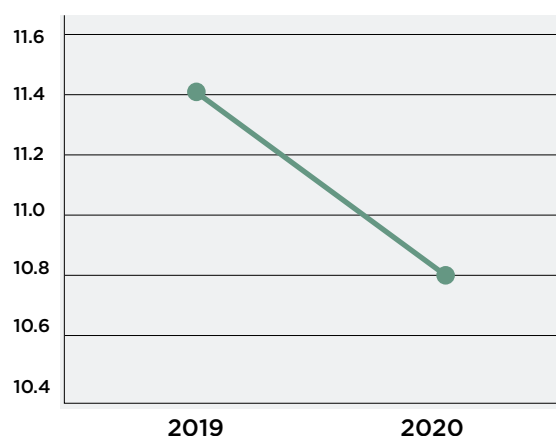
Flaring Reduction Measures:

1. Maintenance of the SRU to stop acid gas flaring.
2. Plant maintenance programs to enhance operational reliability and integrity of the facilities, which also contribute to flaring reduction.
3. Flaring minimization program development in coordination with QP.
4. Setting reduced flaring target for 2020 compared with actual flaring in 2019. The actual flaring during 2020 was less than the set target.

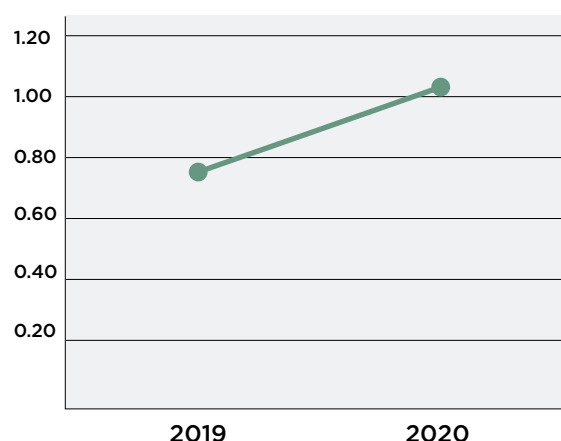
GHG Management:

1. Maintenance of the SRU.
2. Flaring minimization program.
3. Implementation of Methane LDAR under QP initiative and directive.
4. Implementation of GHG Accounting & Reporting Program in line with QP guidelines and procedures.

Energy Intensity (GJ/tonne of ethylene and polyethylene)



GHG Intensity (tonne CO2e/tonne of ethylene and polyethylene production)





WASTE MANAGEMENT

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 2020 QAPCO signed long-term contracts for hazardous waste disposal with other companies to ensure timely treatment/disposal of hazardous waste. This results in enhancing our compliance approach with hazardous waste management regulations. QAPCO used oil was sent for recycling by signing a contract with local used oil recycling company.

RECYCLED WASTE



46%

**Recycled waste as a percentage
of total waste generated (%)**

WATER TREATMENT PROCESS

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.

Wastewater from QAPCO and Qatofin were treated in U45. This unit upgradation was completed during 2020 through 2 main phases:

1. Phase-1 (biological treatment) has been in operation since June 2020.
2. Phase-2 has been completed by Q4 Treated water from QAPCO is now in compliance with CTO discharge limits and under performance optimization.

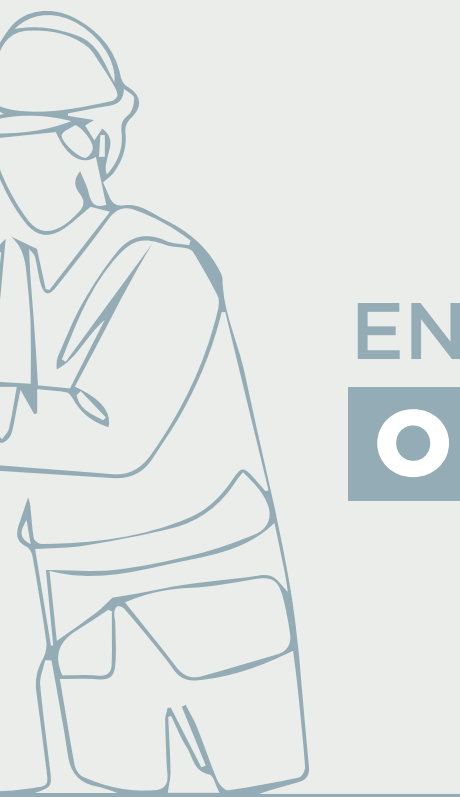
The constructing of the sewage treatment plant to add to our two wastewater collection units. The treated wastewater will be used in our facilities for landscaping has been completed in Q4-2020 and now in operation.

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.

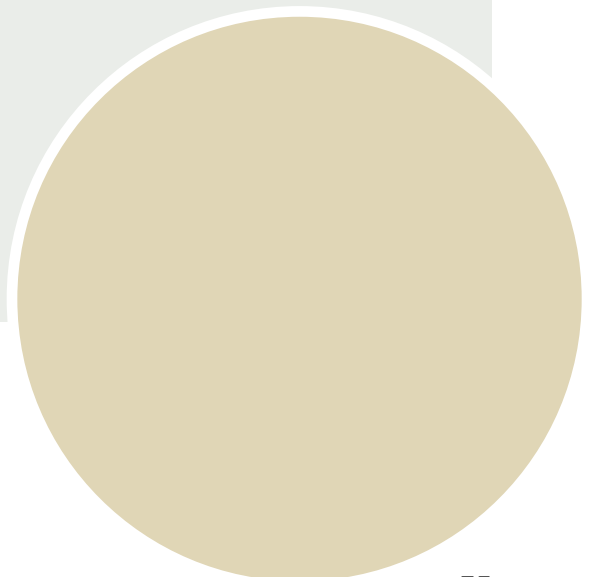


OPERATIONS





ENHANCING OUR **OPERATIONS**



ENHANCING OUR OPERATIONS

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. 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.

QAPCO's working spirit is the secret

behind our success allowing us to set our targets high and achieve them. In 2020, we witnessed exceptional performance despite the ongoing corona virus pandemic in almost all operation units, achieving our best stream factor in the past 20 years.

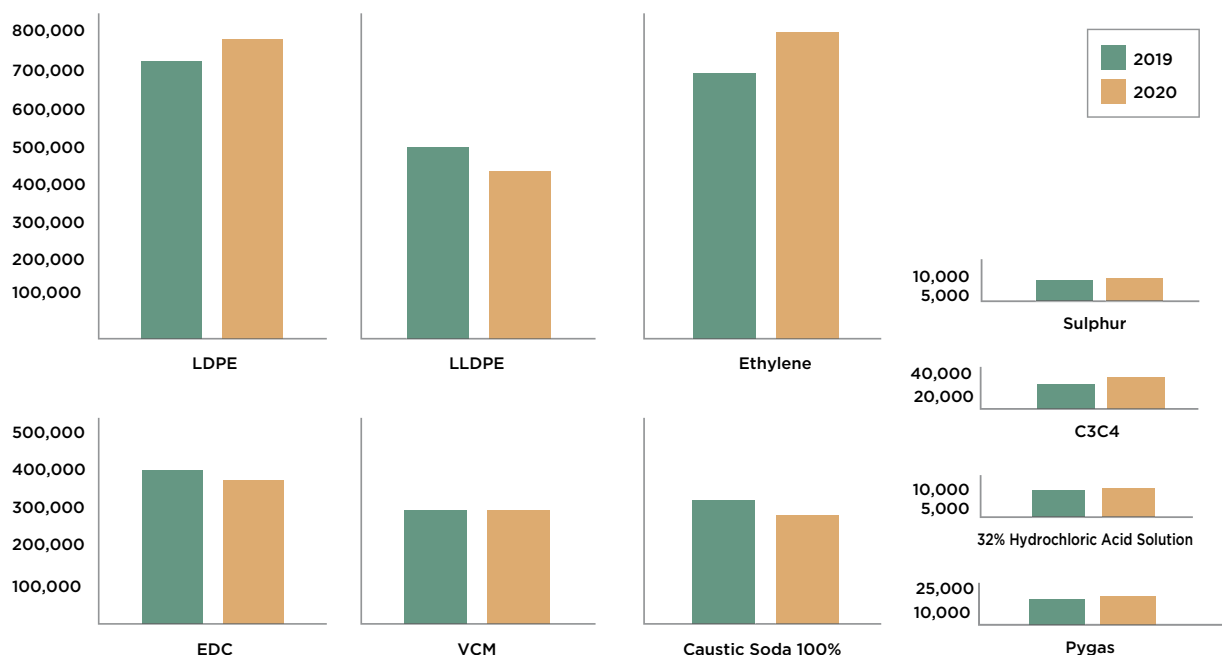
As the demand for polyethylene continues to grow, our increased capacity to respond to increased market demand will allow us to grow stronger financially and continue to contribute to economic growth in Qatar.



Vincent Raymond Magne

Chief Operations Officer

Production (tonnes)



Production (tonnes)

	2019	2020
LDPE	726,061	796,308
LLDPE	499,902	414,328
Ethylene	697,295	797,761
Sulphur (sold as byproduct)	8,055	9,167
GED	404,413	376,891
VCM	298,066	298,066
Caustic Soda	320,404	296,515
32% HCl Solution	8,914	8,914
C3 C4	30,998	38,455
Pygas	14,671	15,746



2019 TOTAL PRODUCTION
3,008,779



Product Quality Control

QAPCO established quality control system based on the ISO 9001 requirements to ensure that the products satisfy customer quality requirements. Good manufacturing practices are incorporated into Quality Management system so that materials and articles are consistently produced and controlled to ensure conformity with the rules applicable to them and with the quality standards appropriate to their intended use and application.

Quality Control program includes raw material sampling, testing and lot-control procedures, and continuous inspection of the final product at various stages of the production using automated and/or visual inspection procedures on samples selected at a predetermined frequency. Quality records are maintained to insure traceability of the manufactured product. Procedure and protocol are implemented to segregate and classify non-compliant products. No non-complaint incidents were reported during last year

Technical Customer Service and Product Stewardship

Dedicated Technical Customer Service comprised of technical experts with experience and knowledge of the LDPE and LLDPE application, characterization and processability assures responsive and knowledgeable assistance when our customer needs it. Their role is to establish and maintain partnership relation with our customers and our company and to identify problems in connection with product behavior, including processing, provide technical solutions to the customers to help them improve the properties of the final articles and handle and investigate customers claims and complaints regarding product quality and processing problems. Last year was

Under its Corporate Policy on Responsible Care QAPCO promotes product stewardship and works to provide products and services that satisfy customers. QAPCO ensures the sharing of information on the assessment of risks related to the LDPE and LLDPE products and protecting people's health and the environment from those risks throughout the product life cycle. Year 2020 recorded very low number of customer claim or complaint due to consistent product.



Regulatory Compliance and Support

Regulatory team verifies compliance of our raw materials with all the applicable food contact plastic regulations and arranges with our Regulatory consultant to conduct recommended analytical tests and risk assessment as per various regulations. All our Lotrene grades are evaluated and tested good for food contact application. Only food contact approved raw materials used for the manufacturing of our Lotrene grades.

Managing our products' compliance with plastic regulation involves liaising with our suppliers and customers in order ensure raw material compliance and assure our products' compliance to the customer. Further, we are always available to provide our customers with any support related queries on regulatory concerns related our products' application. Our products/ingredients.

We ensure timely registration of our products and/or ingredients with all applicable international or national regulatory bodies in order to facilitate sales of our products and expand the products' market.

Muntajat manages the sales and marketing operations for our products. We also have a technical customer service team, which responds to customers' technical enquiries and 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 customer, related to the use and processing of LLDPE and LDPE Lotrène. This process helps our technical team in supporting Muntajat efforts to satisfy and retain current customers, while also attracting new ones, by providing quality technical assistance.



Logistics and Handling

Logistics is an important element of a successful supply chain at QAPCO that helps increase the sales and profits of our business by ensuring the proper flow of deal with the production, shipment, warehousing and delivery of products. Through our reliable logistics approach, we boost a business' value and help in maintaining a positive public image. To get a better understanding of 2020 progress, we never say it was not a challenging and exceptional year however we were able to manage the Qatofin and LDPE3

Turnaround in 2020 with a success story by accommodating the required built-up stock (50KT). Also the Replacement of obsoleted controller of LDPE1&2 bagging and CSS Tanks refurbishment were vital part of our supply chain management. Despite the ongoing COVID-19 pandemic, we have managed to secure all raw materials, chemicals and spare parts required for QAPCO activities and successfully completed and fulfilled the lifting of 2020 as per target, despite the obstacles due to unreliable vessel performance.

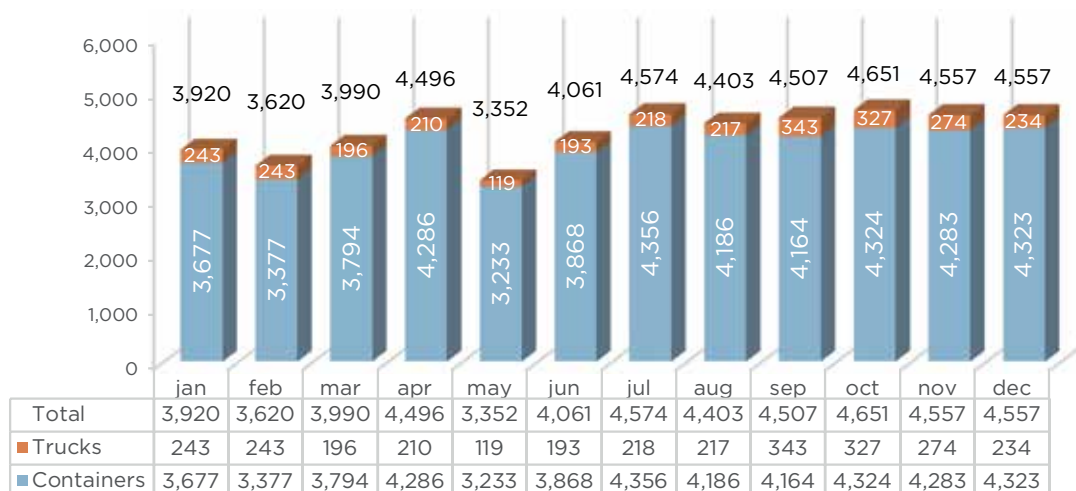
Successful loading of Polyolefin products

128	47,871
Container Vessels	Containers
1,225,131^{MT}	

Loading and discharging of Sulphur, CSS, EDC, VCM, Salt, Ethylene and HCL

129	1,880
Vessels	Trucks
1,677,277^{MT}	

Number of Containers & Trucks Shipped



ENGINEERING





OUR ENGINEERING **PRACTICES**

OUR ENGINEERING PRACTICES

The year 2020 was an exceptional year, despite all the challenges and difficulties we faced, it was great a year during which we experienced a new dimension of working with challenges in smart and professional techniques.

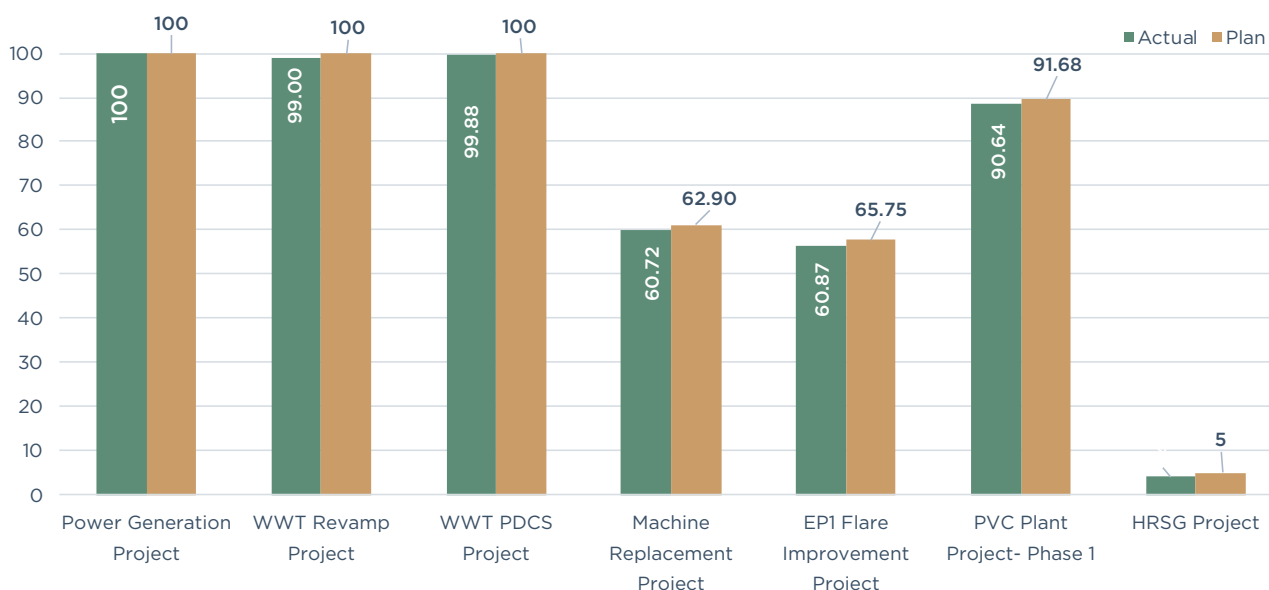
Starting with COVID-19 and its impact on manpower availability, materials delivery, and global mobility worldwide, QAPCO kept its momentum with its ongoing project and kept on track all the project by utilizing technology of telecommunications and remote assistance to overcome COVID-19 challenges. The worldwide financial slowdown in 2020 was also another challenge that we seize it as opportunity to focus on our priorities and expedite efficiently all in-hand projects and CAPEX. Despite that, major milestones

have been achieved in 2020, marking the rapid development of the 231 projects and CAPEXs that highlights the dedication and commitment of QAPCO's staff and management. Thanks to the support of the stakeholders, local talent, and international expertise, who contributed to this success and helped our projects and CAPEX to keep growing, progressing as per to plan, delivering highest possible quality & HSE standards, creating sustainable future and great opportunities for our people and generations to come.



Yousuf Abdulla Rebeeh
Chief Engineering Officer

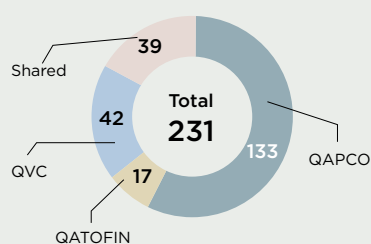
Major Projects Summary



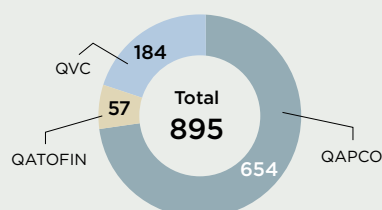
Despite challenges, major milestones have been achieved in 2020, marking the rapid development of the 231 projects and CAPEXs that highlights the dedication and commitment of QAPCO's staff and management.

Group Companies Projects and CAPEXs Overview

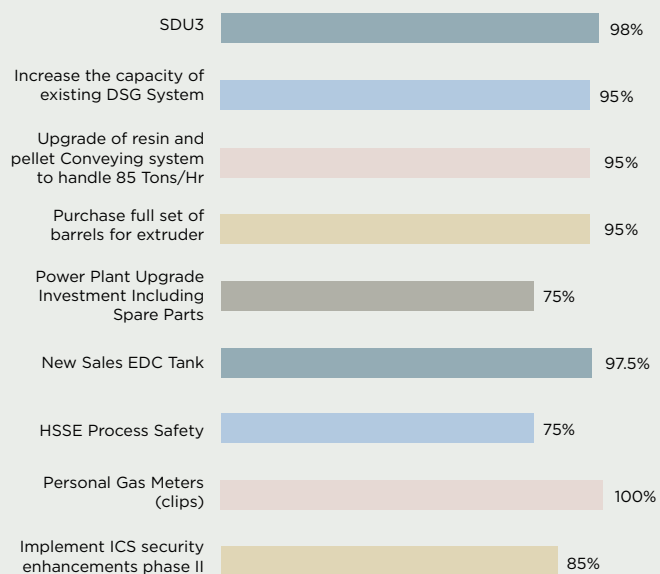
Group Companies Projects and CAPEX Status Account



Minor Modification Status Account



TOP CAPEX Progress (%)



HUMAN CAPITAL





INVESTING IN **OUR PEOPLE**

INVESTING IN OUR PEOPLE

Looking into 2020 onward, we started a challenging year that is testing our abilities and dedication toward maintaining our business continuity. We have been through major activities, two turnarounds going in parallel along with the pandemic breakout of COVID-19.

With the whole world bracing for COVID-19 pandemic, it was our role to ensure that we have no room to be complacent. Every protocol, procedure, instruction, and advice must continue to be followed without fail to mitigate any possible breakouts in the work environment, thus jeopardizing the safety of self and other, and possibly have implications on the business.

Since the beginning of the COVID-19 breakout we have been fully mobilized to combat any possible threat or outbreak within our organization and this have resulted in an outstanding risk mitigation measures that have proven to be sound and effective. Despite all of these challenges, QAPCO managed to maintain its business and we kept an optimistic view looking into the current situation that has brought

to the forefront the important role plastics play in people's daily lives.

Our early detection process was designed to ensure that we can identify any suspected case within our staff and our contractor and apply the most updated isolation and medical service practices in full collaboration with QP Crisis Management Structure and the Ministry of Health System.

Our employees define our success. Through our four decades of operations, we have developed a workforce that epitomizes the social and economic development goals of Qatar National Vision 2030. 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.



Abdulla Naji
Chief Human Capital &
Inf. Systems Officer

Workforce

	2019	2020
Total number of employees (QAPCO, Qatofin and QVC)	1,242	1,183
Voluntary turnover rate (%)	5.18	1.78
Female employees (%)	4	4



1,183

**Total number of employees
(QAPCO, QATOFIN and QVC)**



1.78

**Voluntary turnover
rate (%)**



4%

**Female employees
(%)**

Having the right human resources and input materials at the right time is essential to maintaining the continuity of our operations. QAPCO has been instrumental in developing the petrochemicals sector in Qatar, and through our 46 years of operations, we have developed a workforce that epitomizes the social and economic development goals of Qatar as outlined in the Qatar National Vision 2030.

We continuously invest in our employee's personal and professional growth, as well as in development of their skills and competencies. In alignment with that we are committed to developing a strong and capable Qatari workforce. We are proud to offer our Qatari employee's competitive benefits and growth opportunities. We achieved a Qatarization rate of 26% as per QP's definition.

QAPCO also seek to encourage female participation at all levels of the organization. We continuously engage in activities to attract and recruit females, not only to QAPCO, but to the industrial sector more broadly, as part of our contribution to the Qatar National Vision 2030.

Providing support to Qatari females is important to create positive long-term outcomes for the State of Qatar. Female employment has witnessed tremendous achievement and demonstration of our conviction that women bring added value to our organization. The advancement of women at QAPCO represents in part our goal to ensure that we remain an employer of choice for both genders and contribute to the social and professional development of all Qatari citizens.



Capability Building Through The Pandemic

Since the beginning of the pandemic, countless higher education centers have faced a lot of transformative changes and challenges. That is why we have paused our usual practices to listen to what the business needs at such a time of misfortune.

We took this as an opportunity to reshape our approach towards Learning & Development's processes as we stopped for a moment to reassess, prioritize, and identify crucial trainings and explore new possibilities to execute development plans. This strategy focused our efforts on what's essential to departments to help them achieve their business objectives.

New techniques were discovered on how to deliver the knowledge to our people without compromising the value of expected outcomes. We've benchmarked, transformed required trainings into virtual interactive experiences that strive to capture the essence of the physical classroom environment. The success of implementation occurred by recognizing providers with expertise in the digital representation of knowledge.



Furthermore, we managed to utilize our internal talents to educate the employees about the importance of cybersecurity of their data and communications while working from home. In addition to that, we ensured the continuation of mandatory process safety trainings and orientation programs with the assistance of HSSE team and QAPCO's internal expert.

Our L&D portal supported us as a team that is geographically dispersed, as we are now more streamed than ever. Also, this platform intends to create an electronic hub for knowledge-sharing among all of QAPCO.

Capability Building Highlights



Overall Training
Plan Compliance

95.8%
(Nov 2020)



Technical Training
Fulfillment

78%



Non-Technical Training
Fulfillment

100%

- **Safety Leadership HSSE Training 100% completed for all managers**
- **Non-Technical Employees HSSE Training 86% completed for targeted 210 employees**
- **HSE Internal L1 & L2 Total Training Needs for Manufacturing ($23 \times 845 = 19435$), HSE TN Achieved = 19285 (99.2%)**

We resumed our daily operations with creativity in mind and excellence in every aspect of deliverables during this challenging time. Our intention this year was to reinvent L&D's identity by building a digital platform, where we aspired to design supreme digital learning streams and we've achieved an ample success in offering richer experiences that link us from anywhere.

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

Qatarization

Supporting national and sector employment objectives through the direct employment of Qataris makes our company stronger, contributes to economic growth and development, and preserves our cultural identity. In line with our commitment to human resource development and the Qatar National Vision 2030, we believe it is our role to offer stimulating career paths, with world-class training and competitive remuneration.

At 26% in 2020, our employees are at the heart of everything we do and enable us to reach our full potential. Every achievement of QAPCO is firmly rooted in the expertise of our highly motivated and talented human resources.

At QAPCO, we recognize that the future of our industry depends on the talents we nurture today. As part of our Quality Qatarization strategy, we balance the business requirements of QAPCO with the academic needs of students. We do this through supporting students studying mechanical, chemical and electrical engineering by providing them stimulating and rewarding opportunities that match their interests in science and technology.

Through our inspiring scholarship programs, LEAD and on the job training we provide all the necessary resources to promising young men and women during their undergraduate education. Upon completing their studies, they join QAPCO as

senior member of the staff and begin our award-winning National Development program to further develop their knowledge to achieve the practical competencies to succeed and move up within the Company.

2020 has been a challenging and demanding year; due to the pandemic situation and the varied and unique challenges that brought. One of the areas most affected by this crisis has been the Education sector. Last year, we sought to overcome this difficult situation by utilizing a virtual platform to successfully deliver 1 virtual Internship programs for 35 students and 4 Industrial training programs to 72 Engineering students from local Universities.

Our decision to go virtual was based on our strong belief that it is essential to continue to offer students the opportunity to gain experience in Industry so that they may gain long-term benefits that will help them once they have graduated.

This online approach ensured that last year's students received an effective and practical learning experience but did so remotely and safely. Despite all of that, we continued to be proactive and supported the following events. These events have added value to the students learning experience offering them an important added component to their studies.



Qatar University

- Participated in Career Fair
- Life is Engineering program
- Computing Contest
- Senior Design Contest – CEO delivered a speech
- Wooden Bridge Program
- EEE International Conference on Informatics, IoT, and Enabling Technologies (ICIOT'20)

College of the North Atlantic Qatar

- Business Gateway initiative – CEO delivered a speech
- CEO attended the Virtual Graduation Ceremony

Texas A&M Qatar

- Participated in a Virtual Career Fair

CASE STUDY

QAPCO Relaunch Tamkeen Apprenticeship Program

A special virtual event was recently organized by our Strategic Qatarization Department to relaunch the Company's Apprenticeship program as the Tamkeen Apprenticeship Program and to give our Educational partners an opportunity to learn more about the program.

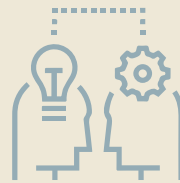
QAPCO executive management team along with twenty Engineering graduates from Qatar University and Texas A&M University Qatar who have recently started the program. The online event delivered via Microsoft Teams application started with the history of the program as well as outlining the current structure and curriculum of the new Tamkeen Apprenticeship Program.

QAPCO gave a demonstration of a virtual training sessions and our Process engineer who spoke about her experiences of completing her Apprenticeship program and joining QAPCO as an employee. To conclude the event our guests from the Education Sector spoke to the current group of Apprentices offering their words of motivation and encouragement.

Tamkeen is an Arabic word that basically means 'To Enable'.

The original Program started in 2014 and since then 5 batches and 49 Apprentices have successfully completed the program and joined QAPCO as employees. The duration of the program is 12 months, with all the Apprentices completing 3 phases and 27 technical modules, work-based learning, and on the job training in our Plant.

Apprentices achieve occupational competency through extensive work-based learning and practice involving real life operational assessments and the discipline of work; all closely monitored by our Operational Training Specialists.



Program started in

2014



5 Batches Completed

49

Apprentices have successfully completed the program and joined QAPCO as employees



Duration

12 Months

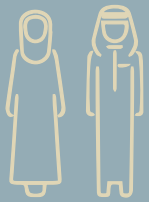


3 Phases

27 Technical Modules

2020

QATARIZATION HIGHLIGHTS



26%
Qatarization



272
Qatari Nationals



Virtual Internship
Program for
35
Engineering students



4 Industrial Training
Programs to
72
Engineering students
from local Universities



16 University/educational
institutes partnerships

9th
Annual
Qatarization
Crystal Award

We were awarded our ninth Annual Qatarization Crystal Award for our efforts in 'Supporting and Liaising with the Education Sector' during 2020. The award recognized our commitment to engaging with and supporting 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.





Employee Engagement and Wellbeing

How Did We Manage During COVID-19

We put our focus on Employee engagement as it is an important part of how we learn from and listen to our employees. It is an essential part of our stakeholder engagement. At QAPCO, we rely on a number of channels to grow and enhance relationships with our employees, as well as the types of services we provide.

QAPCO employees are part of a community that extend beyond work. From events and celebrations to regular communication through the company intranet, to more formal mechanisms, such as employee feedback and

satisfaction surveys, we are connected to the needs and concerns of our employees.

However 2020 was a bit challenging as it required a special treatment for our social gathering and networking measures. So there was a huge shift on how we can achieve our goal, that's why we put an extreme efforts to ensure the safety and wellbeing of our employees. Throughout the year we focused on creating a healthy working environment by engaging more with our technology and utilizing all resources to achieve full business continuity.

World Safety Day “Our Safety, Our Future”

28th April - The World Day for Safety and Health at Work is an annual international campaign to promote safe, health and decent work. QAPCO had the safety campaign for one week from 26th to 30th April 2020. This year our theme was “Our Safety, Our Future”.

In large petrochemical complex like our safety is a collective effort, where everyone's contribution and collaboration pave ways for a safe day and a brighter future. This year we have decided to celebrate the World Safety Day Week digitally in respect to the social distancing

measures because we care about each and every one in QAPCO. During the safety week QAPCO Management delivered their Safety Day messages via short videos. The message videos was telecasted on QAPCO digital screens and sent to all via QAPCO's official WhatsApp channel. Besides that, we are requesting the employees to shoot and share their safety commitment video in line with our theme “Our Safety, Our Future.” Top 10 safety commitment videos was selected and played on QAPCO digital screens.

One Team Event

In November 2020, QAPCO HSEQ Division organised an event bringing together QAPCO staff with contractor partners to discuss the key challenges faced and how to overcome them as a team. The event was conducted by following all COVID-19 protocols.

The theme of the event was “One Team: Partnership Is Built On Strength”.

The event was to align everyone from Executive to Managers, Engineers to Technicians, Supervisors to Field Operators, Planners to Buyers on one platform.

The key message was that we can overcome the upcoming 2021 turnaround challenges only if we act as One Team with our strengths.

FINANCE





OPTIMIZING OUR FINANCIAL **PERFORMANCE**



OPTIMIZING OUR FINANCIAL PERFORMANCE

For decades, QAPCO has delivered sound financial performance to its shareholders through strong revenue generation and profit creation. At the same time, the value that QAPCO generates goes beyond its direct financial performance and includes the indirect economic impacts that the company has as leader in Qatar's petrochemical sector.

LDPE prices were slightly depressed during 2020 showing a 3% reduction from 2019 actual average FOB prices of QR3,561.

On the other hand, LDPE sales volumes were 10% higher compared to 2019, contributing to the 6% appreciation in revenue. Operating costs has decreased as compared to

2019 mainly due to drop in ethylene price.

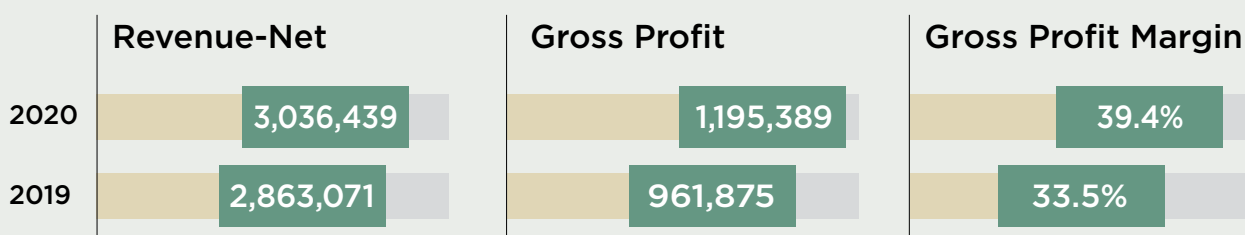
Despite these challenges, QAPCO earned a stand-alone net profit of QAR 1.1 Billion from revenues of QAR 3Billion, which is about 42% higher than 2019 stand-alone net profit of QAR 756 Million.



Hamad Ahmad Al-Hijji
Chief Finance Officer

Financial Highlights

	2019	2020
Revenue-Net	2,863,071	3,036,439
Gross profit	961,875	1,195,389
Gross profit margin	33.5%	39.4%
QAPCO standalone profit	756,182	1,070,139
QAPCO standalone profit margin	26.4%	35.2%



OUR FINANCIAL IMPACT

Economic stress in the markets brought on by the COVID-19 crisis is being evident globally through lack of liquidity in the markets. In this environment, the Company introduced proactive comprehensive measures to address and mitigate key financial issues arising from that situation, including compensating cost saving measures and reductions to discretionary capital expenditure in coordination with QP and Muntajat.

On the same time through the implementation of the best financial management strategies, QAPCO has succeeded in sustaining and generating incremental value, and optimized the utilization of its financial resources. Our main aim is to maximize the yield of our operational activities, and to generate the maximum added value for our stakeholders at all stages.

Despite the variables of changing markets and new entrants, QAPCO has capitalized on many opportunities and accurately identified the possible risks and applied the best practices and mitigation measures. This was another remarkable year for QAPCO and demonstrated that, 46 years on now, our business goes from strength to strength.



Combined Revenues of
QAPCO, Qatofin and QVC

5.938

Billions QR



QAPCO
Consolidated Profit

0.74

Billions QR



QAPCO Shareholders Equity

7183.31

Billions QR

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 witnessed a great progress over the year.



OUR PROCUREMENT PRACTICES



In order to enhance QAPCO profitability and support Qatar National Vision 2030, we are committed to encourage and support local suppliers of goods and services and give them preferences within our procurement system in order to achieve QAPCO long term strategic goals. As part of our Procurement Excellence Program, the procurement division has been re-structured to be aligned with international best practices of Oil and Gas organizations. As a company, we continue to increase cost improvements while building stronger business relationships with our suppliers. QAPCO procurement policies center around fairness and transparency dealings with our suppliers and service providers to ensure competitive bidding practices and selection process. In 2020, QAPCO procurement division had successfully adopted efficient sourcing strategies to secure supply demands featuring economically viable logistics solutions and managed to maintain adequate safety stock levels against the challenges pertaining to worldwide pandemic situation. Such inputs helped

to assure business continuity and avoided unlikely risks of operation interruptions due to material unavailability while contributed to the overall company success in passing the worldwide crises with minimum financial impacts.

QAPCO is committed to increase local procurement spends and act on realizing the diversification of Qatar economy. Qatari companies are given selection preferences in procurement process whenever applicable and QAPCO is working closely with the new Tawteen initiative to further improve the in-country value (ICV) of our goods and services purchasing. QAPCO spends around 75% of its total annual spends on local procurement which shows its commitment to the growth and diversification of Qatar economy and establish sustainable and competitive local supplier base QAPCO Sourcing Procedure imposes commercial preference of up to 10% on Qatari products meeting the requires specs. ICV score criteria are to be implemented as per “Tawteen” program giving preferences on companies with higher In Country Values.



**QAPCO spends around
75% of total annual spends
on local procurement**

Highlight on Procurement Achievements in 2020

The professional implementation of Strategic Sourcing initiatives helped to facilitate and manage the increasing procurement workload relating to the planned GSD 2021 and other Capex and major projects. The continuous development and follow up of procurement sourcing strategy implementation plans led to maximize the savings throughout suppliers long term commitments besides adopting ambitious plans for expanding supplier base and affirming alternative logistics solutions .

Supplier performance was also developed by continuous assessment of suppliers HSSE, delivery, quality, commercial, technology compatibility and communication performance.

The performance was tracked and communicated with supplier for gaps covering.

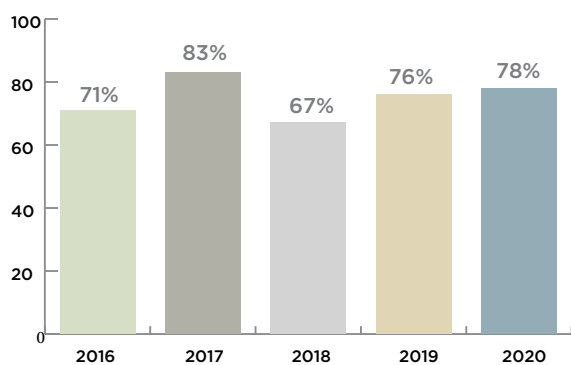
The use of ARIBA e-procurement system continued to expand throughout 2020 reaching over 62% of the number of tenders which means faster order processing and full transparency and visibility of tender undertakings by all involved parties not to mention the paperwork savings and accuracy..

Procurement continued to provide full support and engagements in the sourcing and close follow up of logistics and stock levels of Chemicals and Packaging materials for LDPE and LLDPE plants, Ethylene and Salt for Vinyl plants in addition to Wood timbers for QPWPC.

Performance Highlights

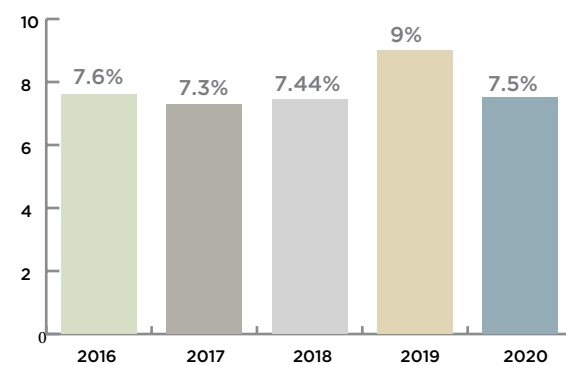
	2016	2017	2018	2019	2020
Operations					
Total purchases on local goods and services (%)	71%	83%	67%	76%	78%
Finance					
Savings through negotiations (%)	7.6%	7.3%	7.44%	9%	7.5%

Operations



Total purchases on local goods and services (%)

Finance



Savings through negotiations (%)

FINANCIAL STATEMENTS





FINANCIAL **STATEMENTS**

QR. 82544

RN: 1621/SA/FY2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C.
Doha
Qatar

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. ("the Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs and applicable provisions of Qatar Commercial Companies Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 ISA's, we exercise professional judgement and maintain professional skepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal controls.
- 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies Law, we report the following:

- We are of the opinion that proper books of account were maintained by the Company and physical inventories verification has been duly carried out.
- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Associations were committed during the year which would materially affect the Company's financial position or its financial performance.

Doha – Qatar
February 8, 2021

For Deloitte & Touche
Qatar Branch



Walid Slim
Partner
License No. 319


QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 QR'000	2019 QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,793,675	3,827,010
Intangible assets	6	62,951	67,811
Right-of-use assets	7	204,459	268,459
Deferred tax asset	8	66,319	--
Investment in joint ventures	9 (a)	2,191,595	2,840,852
Investment in an associate	9 (b)	43,646	41,683
Total non-current assets		6,362,645	7,045,815
Current assets			
Inventories	10	397,965	337,289
Due from related parties	11	1,009,987	717,302
Other receivables and prepayments	12	191,178	87,457
Cash and cash equivalents	13	855,496	530,742
Total current assets		2,454,626	1,672,790
TOTAL ASSETS		8,817,271	8,718,605
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	436,000	436,000
Legal reserve	15	87,200	87,200
Retained earnings		6,660,110	6,891,616
Total equity		7,183,310	7,414,816
LIABILITIES			
Non-current liabilities			
Lease liabilities	16	191,532	239,490
Employees' end of service benefits	17 (a)	170,856	165,849
Provision for pension obligations	17 (b)	116,486	102,303
Total non-current liabilities		478,874	507,642
Current liabilities			
Lease liabilities	16	45,593	45,938
Due to related parties	11	97,489	81,530
Trade and other payables	18	236,317	203,958
Income tax payable	8	390,688	52,721
Dividend payable	19	385,000	412,000
Total current liabilities		1,155,087	796,147
Total liabilities		1,633,961	1,303,789
TOTAL EQUITY AND LIABILITIES		8,817,271	8,718,605

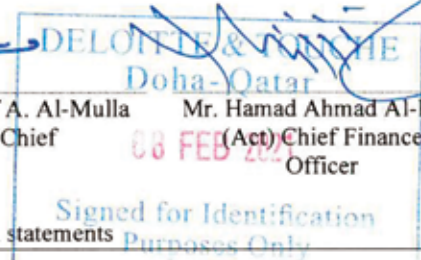
The financial statements were prepared by the company and approved by the Board of Directors and authorised for issue on February 8, 2021.


Mr. Abdulaziz Jassim M. Al-Muftah
Chairman of the Board of Directors


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


Mr. Hamad Ahmad Al-Hijji
(Act) Chief Finance
Officer

The attached notes 1 to 29 form an integral part of these financial statements



QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 December 2020

	<i>Notes</i>	2020 QR'000	2019 QR'000
Revenue	22	3,036,439	2,863,071
Cost of goods sold	23	(1,841,050)	(1,901,196)
Gross profit		1,195,389	961,875
Administration expenses	24	(191,333)	(206,298)
Selling expenses	25	(67,473)	(78,901)
Foreign exchange gain		6,573	9,954
Finance income		6,548	14,470
Finance expense from leases	16	(7,143)	(9,339)
Share of (loss) / profit from joint ventures	9 (a)	(331,658)	605,829
Share of profit from an associate	9 (b)	6,963	7,269
Other income	26	127,577	64,421
Profit for the year before income tax		745,443	1,369,280
Taxation	8	(324,369)	--
Profit for the year		421,074	1,369,280
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement loss on provision for pension obligations	17(b)	(23,580)	--
Total comprehensive income for the year		397,494	1,369,280

The financial statements were prepared by the company and approved by the Board of Directors and authorised for issue on February 8, 2021.



The attached notes 1 to 29 form an integral part of these financial statements

QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Notes	Share capital QR'000	Legal reserve QR'000	Retained earnings QR'000	Total QR'000
Balance at 1 January 2019		436,000	87,200	7,046,888	7,570,088
Impact on adoption of IFRS 16		--	--	(22,296)	(22,296)
Balance at 1 January 2019 (Restated)		436,000	87,200	7,024,592	7,547,792
De-recognition of exempted deferred tax in a joint venture	8 (a)	--	--	19,744	19,744
Profit for the year		--	--	1,369,280	1,369,280
Other comprehensive income		--	--	--	--
Total comprehensive income for the year		--	--	1,389,024	1,389,024
<i>Transactions with owners in their capacity as owners:</i>					
Dividend paid	19	--	--	(1,110,000)	(1,110,000)
Dividend payable	19	--	--	(412,000)	(412,000)
Balance at 31 December 2019		436,000	87,200	6,891,616	7,414,816
Profit for the year		--	--	421,074	421,074
Other comprehensive income		--	--	(23,580)	(23,580)
Total comprehensive income for the year		--	--	397,494	397,494
<i>Transactions with owners in their capacity as owners:</i>					
Dividend paid	19	--	--	(244,000)	(244,000)
Dividend payable	19	--	--	(385,000)	(385,000)
Balance at 31 December 2020		436,000	87,200	6,660,110	7,183,310

The attached notes 1 to 29 form an integral part of these financial statements

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QATAR PETROCHEMICAL COMPANY (QAPCO) Q.P.J.S.C.**STATEMENT OF CASHFLOWS**

For the year ended 31 December 2020

		2020	2019
	Notes	QR'000	QR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		745,443	1,369,280
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	5	266,225	283,125
Amortisation of intangible assets	6	12,329	10,778
Amortisation of right-of-use assets	7	43,068	49,205
Share of loss / (profit) from joint ventures	9 (a)	331,658	(605,829)
Share of profit from an associate	9 (b)	(6,963)	(7,269)
Spare parts written off	10	(672)	(801)
Provision for slow moving spare parts	10	5,401	2,674
Provision for employees' end of service benefits	17 (a)	36,089	32,621
Finance income		(6,548)	(14,470)
Finance expenses from leases		7,143	9,339
Interest income on termination of lease contracts		(560)	--
		<u>1,432,613</u>	<u>1,128,653</u>
<i>Changes in working capital:</i>			
Inventories		(65,405)	(36,658)
Due from related parties		(291,592)	105,626
Other receivables and prepayments		(103,721)	47,227
Due to related parties		15,959	8,246
Trade and other payables		32,359	(6,100)
		<u>1,020,213</u>	<u>1,246,994</u>
Employees' end of service benefits paid	17 (a)	(32,235)	(9,792)
Net movement in advance against end of service benefits	17 (a)	1,153	(6,706)
Payment of pension obligation	17 (b)	(9,397)	(9,084)
Income tax paid	8	(53,814)	(112,050)
Net cash generated from operating activities		<u>925,920</u>	<u>1,109,362</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(239,088)	(195,429)
Additions to intangible assets	6	(1,271)	--
Dividend received from joint ventures	9 (a)	317,599	630,302
Dividend received from an associate	9 (b)	5,000	3,000
Finance income		6,548	14,470
Net cash generated from investing activities		<u>88,788</u>	<u>452,343</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal element of lease payments	16	(26,811)	(50,965)
Interest element of lease payments	16	(7,143)	(9,339)
Dividend paid	19	(656,000)	(1,862,400)
Net cash used in financing activities		<u>(689,954)</u>	<u>(1,922,704)</u>
Net increase / (decrease) in cash and cash equivalents		<u>324,754</u>	<u>(360,999)</u>
Cash and cash equivalents at 1 January		530,742	891,741
Cash and cash equivalents at 31 December	13	<u>855,496</u>	<u>530,742</u>

Non-cash transactions:

During the year, the Company terminated lease agreements with carrying value of QR 21,492 for Right of use assets and QR 20,932 for lease liabilities as on the date of the termination.

The attached notes 1 to 29 form an integral part of these financial statements



QAPCO
شركة قطر البتروكيماويات
QATAR PETROCHEMICAL COMPANY



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