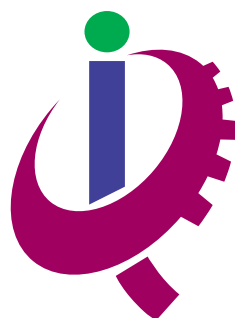




INDUSTRIES QATAR

2023

ANNUAL REPORT



صناعات قطر
Industries Qatar



DISCLAIMER

The companies in which Industries Qatar Q.P.S.C. directly and indirectly owns investments are separate entities. In this annual report, "IQ" and "the Group" are sometimes used for convenience in reference to Industries Qatar Q.P.S.C.

This report may contain forward-looking statements concerning the financial condition, results of operations and businesses of Industries Qatar Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the Group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the Group's products, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this report.

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**ACHIEVING EXCELLENCE IN A CHALLENGING
MACRO-ENVIRONMENT, OUR COMMENDABLE
PERFORMANCE MIRRORS OUR DEDICATION
TO SUSTAINABLE VALUE CREATION.”**

MISSION

Industries Qatar (IQ) is committed to increase production capacity and widen its industrial products range by broadening its business/investment portfolio to help sustain profitable growth and satisfy shareholder expectations.

VISION

IQ aims to be a leading and recognized player in producing the highest quality industrial products through its growth-driven portfolio that generates profitable returns and creates value for its shareholders.



TABLE OF CONTENTS





His Highness
Sheikh Tamim bin Hamad Al Thani
The Amir of the State of Qatar





His Highness
Sheikh Hamad bin Khalifa Al Thani
The Father Amir



BOARD OF DIRECTORS



His Excellency

Mr. Saad Sherida Al-Kaabi

Minister of State for Energy Affairs,
Chairman and Managing Director of
Industries Qatar



**Mr. Abdulaziz
Mohammed Al-Mannai**
Vice Chairman



**Mr. Abdulla Ahmad
Al-Hussaini**
Board member



**Dr. Mohammed Yousef
Al-Mulla**
Board member



**Mr. Abdulrahman Ali
Al-Abdulla**
Board member



**Mr. Abdulrahman
Al-Suwaidi**
Board member



**Ahmed Abdulqader
Al-Ahmed**
Board member



**His Excellency
Mr. Ahmed Ali Al-Hammadi**
Board member



**DESPITE MARKET
TURBULENCE, OUR
RESILIENT LOW-COST
MODEL AND UNWAVERING
OPERATIONAL
EXCELLENCE DROVE
PIVOTAL SUCCESS IN 2023”**

LETTER FROM THE CHAIRMAN

Dear Shareholders,

It is a privilege to present the 2023 Annual Report of Industries Qatar, one of the largest listed entities in the State of Qatar. I extend my thanks and congratulations to my fellow Board members, the senior management teams across our Group companies, and the management team of Muntajat for their dedication, hard work, and commitment to achieving commendable operational and financial results in an ever-changing macro-economic environment. I would also especially thank our shareholders for their continued trust and support.

Macroeconomic overview

The global macroeconomic environment continued to remain persistently volatile throughout 2023. Challenges faced by manufacturers, particularly in Europe during 2022, were eased with the restoration of the supply of raw materials, improvement in logistics, and stabilization in the supply chain, resulting in improved production. On the other hand, higher than expected inflation has forced most Central Banks to adopt cautious monetary policies to combat inflation. This has reduced consumption and investment expenditure, resulting in muted GDP growth and a subsequent softening of product prices across our basket of products. Despite these external challenges, the Group showcased a commendable operational and financial performance, backed by operational excellence, global logistical support, and undisputed financial strength.

Strategic Business Update

In 2022, the group took some strategic initiatives to support further product diversification, improve the ESG roadmap, and optimize value. One of these initiatives included a USD 1.06 billion blue ammonia project with a nameplate capacity of 1.2 million metric tons per annum of ammonia (Qafco-7). In addition, the group also gave go ahead for a new PVC project with a capacity of 350,000 MT's of PVC at budgeted capital expenditure of USD 239,000. The PVC investment will give greater control over group's chlor-alkali's value chain.

The Qafco-7 project is progressing well, with all critical paths on track and expected to be operational as per the schedule. Upon completion and commercial launch of Qafco-7, Qafco is also parallelly expected to operate ammonia trains 1 and 2 adding overall sellable ammonia volumes of the group.

The PVC project has also moved into its construction stage. The project team monitors the project's critical path to ensure that target completion is achieved. Upon completion, the plant will become a regional player PVC production player, while reinforcing the downstream value chain. Additionally, this will also provide a home-grown source of PVC and expands the economic potential of local industries.

In the steel segment, Qatar Steel acquired local re-roller, Al-Qataria Steel, for QR 346 million during 2nd half of 2023. While targeting market consolidation, the acquisition will also bring new capabilities to Qatar Steel in terms of product diversification. The newly acquired steel mill Al-Qataria Steel has the capability to produce wire-rod coils.

Financial results

We are pleased to report IQ's notable financial results for the year, in a year that was underpinned by volatility and uncertainty. IQ reported a net profit of QR 4.7 billion for the year ended 31 December 2023 and recorded an earnings per share (EPS) of QR 0.78 for the year ended 31 December 2023.

Shareholder value creation

Given the liquidity required for current and future capital projects, and current short- and medium-term macroeconomic outlook, the Board of Directors proposes to pay a total annual dividend distribution for the year ended 31 December 2023 of ~ QR 4.7 billion, equivalent to a payout of QR 0.78 per share.

Conclusion

To conclude, I would like to express our deep gratitude to His Highness the Amir Sheikh Tamim bin Hamad Al Thani for his wise leadership and for his continued support and guidance to Qatar's energy sector.

I am confident that my fellow Board members along with the Group's senior management teams and employees are well prepared for the year ahead. No doubt there will be new opportunities and challenges, and much work will be required towards realizing our strategic targets, but together we look forward in ensuring Industries Qatar remains one of the leading industrial giants in the region.

BOARD OF DIRECTOR'S REVIEW



IQ NAVIGATED A DIFFICULT 2023 WITH FALLING DEMAND AND UNCERTAINTY TO ACHIEVE STRONG RESULTS THROUGH ITS AGILITY AND OPERATIONAL EXCELLENCE."



Introduction

After reporting one of the most remarkable and successful years since its incorporation in 2022, against the dynamic backdrop of higher energy, commodity prices, and an intricate macroeconomic landscape, the group's financial performance has returned to its median level with stable operations in 2023.

The Board of Directors is pleased to present a commendable set of financial and operating results, mainly driven by subsidized product prices against the backdrop of a challenging macro-economic environment; weakening consumer demand amid higher interest rates, and restoration of supplies in major manufacturing economies have pushed the product prices significantly down from 2022 peak. On the other hand, the Group's operations remained solid, with production reaching 16.8 million MTs with facility reliability of 98% and availability of 81 %

Macroeconomic review

As the markets ushered in 2023, economic uncertainty cast its shadow, presenting producers and buyers with challenges such as oversupply, thin margins, and soft demand. The global downstream demand, which had propelled prices to record highs since late 2021, began to calm down in the second half of 2022 amid escalating interest rates and high inflation. The turbulent macroeconomic environment that characterized 2022 began to show signs of stabilization in 2023.

During the first half of 2023, energy and commodity prices started to decelerate, primarily attributed to the restoration of global supplies. Favorable plant economics, stable raw materials and increased availability of natural gas supplies mainly facilitated this restoration across the segments the group operates. Furthermore, China is gradually returning to its pre-COVID capacity levels, potentially becoming a net exporter in the petrochemical segment.

On the other hand, commodities prices softened notably due to the hawkish monetary policy adopted by several Central Banks to curb borrowing and spending, effectively mitigating inflationary pressures. The interest rate increases directly impacted the global GDP, resulting in weakened consumer spending and reduced investment expenditure. Muted consumer spending significantly affected the demand for most commodities across our product portfolio.

Additionally, the rise in interest rates has indirectly influenced commodity demand. The strengthening of the US Dollar, driven by higher interest rates, rendered commodities less affordable for consumers. These macroeconomic factors underscore the volatile dynamics shaping the global economic landscape in 2023 which have directly affected the Group's financial results.

Strategic business review

Our low-cost operating model, driven by integrated business synergies, economies of scale and scope, and operational optimization, has enabled us to sail through the uncertain business environment. Despite macro-economic volatility, we maintained operations across all our facilities at near full capacity leading to commendable operating and financial results. This was achieved through greater operational excellence, building flexibility into operating models.

Our robust global supply chain models have consistently supported us in delivering resilience, offering operational flexibility during the turbulent period characterized by marketing and logistic uncertainties. Our marketing partner, Muntajat, successfully ensured business continuity with optimum netbacks available in the market by exploring arbitrage opportunities within various geographies and leveraging economies of scale to minimize operating costs. Our unwavering commitment to maintaining a competitive-cost profile ensured operational stability and played a pivotal role in generating competitive operating and financial results.

Capital expenditure (CAPEX) and business development.

During the financial year 2023, the Group spent QR 2.8 billion in CAPEX. The primary nature of these expenditures was mainly related to turnaround, reliability, health, safety and environmental (HSE) projects, along with initial spending on the new blue ammonia train (Qafco-7) and the PVC project. The capital expenditure related to Qafco-7 was QR 1.0 billion, while for QVC was QR 40 million.

For the next five years (2024-28), the Group's planned capital expenditure will be QR 10.8 billion. A significant portion of this spending will be related to the new blue ammonia train (Qafco-7), amounting to QR 4.2 billion and IQ's share of CAPEX in the new PVC project amounting to QR 0.3 billion.

Once the Qafco-7 is commercially launched in early 2026, the group's fully owned subsidiary, QAFCO will revamp the existing ammonia trains 1 and 2 with an approximate capital cost of QR 0.5 billion. While output from ammonia trains 1 and 2 are expected to feed to urea trans 1 and 2, the production of Qafco-7 (1.2 million tons per annum (MTPA) will be sold as ammonia in the commercial market in collaboration with QatarEnergy Renewable Solution (QERS).

In 2022, the Group's indirect joint venture Qatar Vinyl Company (QVC) signed and awarded an Engineering, Procurement, Construction (EPC) contract valued at USD 239 million to invest in a new PVC (Polyvinyl Chloride) facility that will have a production capacity of 350,000 metric tons per annum. The project is progressing as per its critical path and expected to be completed by Q2-2025. This investment underscores the Group's commitment to diversify further downstream, reducing the import dependency on PVC in the State.

The Group's steel subsidiary, Qatar Steel, proudly holds the position of being the leading steel seller in the domestic market with few re-rollers competing for a minor share of market. As part of strategically repositioning itself and consolidating its market position, Qatar Steel acquired 100% of domestic rolling mill Al-Qataria Steel for QR 346 million. While the acquisition provides market consolidation, it also adds product diversification capabilities to Qatar Steel as Al-Qataria Steel mill has rerolling capacity for wire-rod coils. The acquisition will bring several synergy benefits via billet procurement, cost optimization, and operational rationalization.

In addition to the above, the Group will continue to invest on its core recurrent CAPEX programs with critical importance to improve asset integrity, operational efficiency, reliability, cost optimization, capacity de-bottlenecking, HSE enhancement, environment, sustainability, and regulatory compliance.

Cost and operational optimization

As the group entities operate within highly volatile and competitive industries, the Group's consolidated financial performance and cash flow generations are linked to market fluctuations, especially in commodity prices. Given the macroeconomic variables' unpredictable and challenging nature, maintaining cost and operational efficiencies is pivotal for the Group.

In response to such an uncertain macroeconomic environment, the Group entities continued their focus on cost and operational optimization strategies, which are being persistently implemented and reviewed. These measures, among others, include rationalizing OPEX and CAPEX programs, adjusting production capacities to improve raw material yields and optimizing resources. Such measures have improved the Group's variable and fixed operating cost structures over the years, linking to improved profitability margins and robust cash flow generation. The Group also set-up cross functional teams to rigorously review the overall business value chain to improve profitability and maximize shareholder returns.

Financial performance

Considering challenging macro-economic conditions marked by waning demand and surplus capacities, the financial performance reported by the group stands as a commendable achievement. Amid demand was subdued, the ability to operate at full capacity and surpass the previous year's sales can be attributed to the success of its low-cost operating structure model. This resilience in adverse economic conditions underscores the strength and adaptability embedded in the group's operational strategy.

Revenue: Total proportionate revenue¹ for the year ended 31 December 2023 amounted to QR 16.9 billion, a decrease of 34 % over last year. On the other hand, the reported revenue² according to IFRS 11 amounted to QR 11.7 billion, shown a decrease of 38 % versus last year.

¹ Total proportionate revenue is computed based on non-IFRS proportionate consolidation, i.e., including revenue from fully owned subsidiaries, plus share of revenue from directly and indirectly held joint ventures.

² Reported revenue refers to the revenue reported in the consolidated financial statements in line with the requirements of IFRS 11, representing revenue from fully owned subsidiaries only, i.e., QAFCO and Qatar Steel, without including share of revenue from directly and indirectly held joint ventures.

This reduction in group revenue (based on non-IFRS based proportionate consolidation) during the current year was mainly attributed to marked reduction in blended average realized selling prices, which decreased by 34% versus last year and translated into a decrease of QR 8.7 billion in Group's net earnings versus last year.

Group's sales volumes marginally decreased by 1% versus last year, primarily driven by lowered volumes in all operating segments except steel segment. Sales volumes broadly impacted by a marginally lower production, and challenging prevailing market conditions.

Profits & Margins: Net profit for the year amounted to QR 4.7 billion, markedly down on last year by 46%, while Group's EBITDA reached to QR 6.2 billion with a decrease of 44% versus last year. This marked decrease in profitability was mainly driven by reduced product prices leading to lower revenues partially offset by improved operating costs, and other income and ultimately led to marginal bottom-line profitability.

Financial position and cash flows

Despite navigating through a landscape of volatility and competition, the group stands firm with a resilient financial position while sustaining stability in its cash flow generation capabilities.

The Group began the year with a total cash and balance of QR 19.2¹ billion. During the year the Group generated total operating cash flows of QR 5.4 billion and generated free cash-flows to firm of QR 2.7 billion². With the payment of last year's dividends of QR 6.7 billion, the Group was able to generate a net cash out flow of QR 3.4 billion during the current year and closed the year with a total cash and bank balance of QR 15.8³ billion.

Group's reported total assets and total equity reached QR 43.1 billion and QR 40.0 billion, respectively, as of 31 December 2023. Currently, the Group has neither short-term nor long-term financial debt.

IQ's continued strong financial and liquidity position, together with its robust cashflow generation, is a testament to its prudent asset management policies, competitive cost position, efficient operating asset base, prudent financial and operating policies that lead to efficient and robust cash flow generation capabilities, with a strong and reliable operating asset base.

A strong financial and liquidity position is critical to the Group to safeguard against instability and market volatilities, while providing support in ensuring a sustained and consistent dividend pay-out, and allowing flexibility to opportunistically consider CAPEX projects, and acquisitions to create long-term shareholder value.

Proposed dividend distribution

A total dividend of more than QR 67 billion has been distributed to shareholders since the Group's incorporation, with a payout ratio of more than 67% is clear evidence of the Board's commitment to persistently creating a strong shareholder value with robust yields, while also ensuring appropriate liquidity is maintained for the current and future capital projects and unexpected adversities.

With these considerations coupled with a macroeconomic forecast linking to business outlook, future growth strategies, and capital expenditure requirements, the Board of Directors proposes a total annual dividend distribution for the year ended 31 December 2023 amounting to ~ QR 4.7 billion, equivalent to a payout of QR 0.78 per share, representing a payout ratio of 100% of net earnings and a dividend yield of 6% as of 31st December 2023's closing share price.

Conclusion

The Board of Directors is grateful to His Highness the Amir Sheikh Tamim bin Hamad Al Thani for his wise leadership, and unwavering support and guidance to Qatar's energy sector. The Board of Directors also expresses its profound gratitude to H.E. Mr. Saad Sherida Al-Kaabi, Minister of State for Energy Affairs, Chairman of the Board of Directors and Managing Director, for his vision and wise leadership, and to the senior management of the Group companies for their hard work, commitment, and dedication. Also, we are thankful to our privileged shareholders for their ongoing support and trust.

¹ Based on non-IFRS proportionate consolidation, i.e., including cash and bank balances from fully owned subsidiaries, plus share of cash and bank balances from directly and indirectly held joint ventures.

² Based on non-IFRS proportionate consolidation, including operating cash flows and CAPEX of fully owned subsidiaries and joint ventures.

³ Includes cash and bank balances across the Group based on non-IFRS proportionate consolidation.

BOARD OF DIRECTORS' SEGMENTS REVIEW



THE BOARD OF DIRECTORS IS PLEASED TO PRESENT IQ'S 2023 SEGMENTAL REVIEW COVERING THE OPERATIONAL AND FINANCIAL PERFORMANCE OF THE GROUP'S OPERATING SEGMENTS. FOR SEGMENTAL REPORTING PURPOSES, THE GROUP'S OPERATING ENTITIES ARE GROUPED INTO THREE DISTINCT SEGMENTS, NAMELY: PETROCHEMICALS (QATAR PETROCHEMICALS COMPANY AND QATAR FUEL ADDITIVE COMPANY), FERTILIZERS (QATAR FERTILIZER COMPANY), AND STEEL (QATAR STEEL)."

Petrochemicals segment

Strategy

In the petrochemical segment, fundamental strategies revolve around optimizing asset utilization, enhancing the regulatory environment, and optimizing plant reliability and availability. The unwavering commitment to operational excellence, aimed at optimizing production cost and prioritizing safe and reliable operating, stands as a central core to the operating entities within this segment.

Macroeconomic updates

The year 2023 witnessed a shift in the petrochemical markets after reaching their peak in the first half of 2022 amid volatility and uncertainty. In early 2023, the petrochemical markets entered a phase of softening with the restoration of manufacturing in key markets, alongside the easing of logistical bottlenecks coupled with the availability of raw materials, which reshaped supply dynamics. On the demand side, prevailing challenges arise from a high inflationary environment and central banks' restrictive monetary policies, reducing consumer buying power. These factors, impacting supply and demand, have significantly influenced the global petrochemical industry's landscape. Furthermore, adding new capacities across different parts of the world has redefined the global petrochemical landscape. These shifts in demand and supply have significantly influenced the pricing of petrochemical products compared to the previous year. Moreover, geopolitical uncertainties have introduced an additional layer of unpredictability and volatility to petrochemical prices.

Operational Review

- **Production:** segment's production marginally increased by 1% versus last year amid the group's fuel additive segment was on its major turnaround during fourth quarter of 2023. Segment methanol and MTBE facilities were on maintenance shutdown. The reduction in production within fuel additive segment was broadly offset by improved volumes in the polyethylene segment.
- **Sales volumes:** down versus last year on the back backdrop challenging macro-economic dynamics characterized by expanded supplies and muted demand.
- **Availability and Reliability:** the facility availability and reliability within polyethylene facilities remained within the historical range with minimal unplanned maintenance shutdowns within the segment. Segment's availability was relatively impacted due to fuel additive's planned maintenance during fourth quarter of 2023.

Financial results and cash flows¹

The segment reported praiseworthy financial performance during the year despite being exposed to a turbulent macroeconomic environment, generating commendable returns and cashflows to shareholders. The macroeconomic headwind has resulted in the prices to decline by ~ 19%, while lower consumer demand, resulted in sales volumes to decline by ~9% versus 2022. The combined effect of lower product prices and sales volumes has resulted in segment revenue to decline by 26% to reach QR 5.2 billion.

The segment reported a net profit of QR 1.4 billion with a decrease of 45% compared to 2022, as savings in operating cost is partially compensated by reduction in revenue. Segment's EBITDA amounted to QR 1.9 billion with a robust EBITDA margin of 37%.

The segment reported strong cash flow performance, generating a free cash flow to firm of QR 1,258 million. This was primarily driven by strong operating cash flows of QR 1,772 million, after accounting for capital expenditure of QR 515 million.

Capital expenditure

Capital expenditure for the current year amounted to QR 515 million, primarily related to maintenance-related expenditures, routine fixed asset additions, and HSE improvements. This also includes IQ's share of capital expenditure on the new PVC project, amounting to QR 40 million.

In terms of capital expenditure over the next five years (2024-2028), the segment is expected to spend QR 1.8 billion on various projects. As per the CAPEX plan, QR 0.3 billion will be spent in relation to the new PVC project in the form of CAPEX.

Other projects will include but are not limited to, operations (HSE, plant reliability, and integrity) and maintenance shutdowns. These projects will not only improve facilities' operational integrity, reliability, output and reduce emissions, but also ensure regulatory compliance, and leading to improved operating cash flows via added efficiencies.

¹ Figures based on non-IFRS proportionate consolidation.

Fertilizer Segment

Strategy

The segment is committed to operating all its assets safely and efficiently while adhering to environmentally friendly practices to produce high-quality nitrogen fertilizers. In pursuit of its vision, the segment has used a seven-pillar strategy: excel, grow, diversify, excellence, safety, integrity, and teamwork.

Macroeconomic updates

The fertilizer segment emerged as a significant beneficiary amidst the macroeconomic volatility of 2022, with geo-political conflict notably impacting the global supply of fertilizers. However, as feedstock prices gradually reduced, coupled with the gradual restoration of supplies, fertilizer production started to rebound, reaching the fertilizer markets to its pre-2022 level during 2023.

Additionally, on the supply side, certain regions witnessed a surge in exports compared to last year, directly influencing the fertilizer market dynamics and contributing toward price volatility. This, in turn, leads to the accumulation of inventory, compelling some of the global producers to adjust production. In fact, the global economy has remarkably adapted to disruptions caused by geo-political conflicts, exploring new input sources, and establishing new production facilities, thereby impacting the supply-demand balance for fertilizers throughout 2023. Moreover, the cautious approach adopted by buyers impacts demand, with consumers adjusting their purchasing habits amidst rising interest rates and growing concerns of potential recession. Furthermore, even though fertilizer prices have been falling, crop prices have also been decreasing from their highs in 2022, meaning that fertilizers remain expensive in absolute terms, adding pressure to farm finances, which is in turn kept demand under check.

In summary, fertilizer prices witnessed volatility in 2023, with urea trading within the range of USD 280/MT and USD 350/MT. The combination of various factors, including geopolitical events, a macroeconomic volatile landscape, and global supply-demand dynamics, contributed to the fluctuating of the fertilizer markets during this year.

Operational Review

As in the past, the main objective within the fertilizer segment for the year 2023 was to continue optimizing the facility reliability and availability of the trains to ensure production is maximized while health and safety are maintained at the highest standard.

- **Production:** The segment's production slightly reduced versus last year and was driven by marginally lower facility availability and reliability.
- **Sales volumes:** Sales volumes within the segment declined marginally amid marginal reduction in production volume and a volatile macroeconomic environment that broadly affected fertilizer sales.
- **Availability and Reliability:** The facility availability & reliability within the fertilizer segment remained at 94% & 98% respectively, slightly reduced compared to the previous year, as the total number of shutdown days inclined in 2023 compared to 2022. The segment initiated two planned shutdowns in 2023 (compared to one in 2022) while the segment trains were also undergoing unplanned maintenance shutdown during the current year.

Financial Results and cash flows

The fertilizer segment reported a commendable set of financial and operating results amid challenging macro-economic conditions. The segment reported a net income of QR 1.9 billion, down 64% versus last year, EBITDA margin for the segment stood at commendable 40% for the year.

This marked reduction in segmental performance was mainly driven by external factors: notably product prices linked to volatile macroeconomic drivers. As a result, product prices, on average, declined by 47% versus last year. Sales volumes too have decreased amid lower production and volatile market demand.

Marked decline in selling prices coupled with lower sales volumes translated segmental revenue to reach QR 7.5 billion, a decline of 49% versus last year.

The segment generated noteworthy free cash flows of QR 1.6 billion. This was primarily driven by positive operating cash flows of QR 3.6 million, partially offset by Qafco-7 driven capital expenditure.

Capital Expenditure

The fertilizer segment incurred a capital expenditure of QR 2.1 billion for the financial year 2023. This includes initial CAPEX relating to the new blue ammonia train, known as Qafco 7 (QR 1.0 billion), together with capital expenditures relating to maintenance shutdowns, and other routine fixed asset additions.

In terms of capital expenditure over the next five years (2024-2028), the segment is expected to incur QR 8.3 billion in various projects, including a new ammonia train. As per the CAPEX plan, QR 3.2 billion in capital expenditure will be further invested in relation to the new ammonia train. In addition, other expenditures will include maintenance related shutdowns, HSE-related projects and other CAPEX programs.

Updates on new ammonia train or Qafco7

Valued at approximately USD 1.2 billion, by the end of the financial year 2023, Qatar Fertilizer Company (QAFCO) has invested ~QR 1.0 billion into the new train. The project is in Mesaieed Industrial City (MIC) and will be operated by QAFCO as part of its integrated facilities. The new train is scheduled to be operational by 2026 and will have a designed capacity of up to 1.2 million tons per annum (MTPA) of Blue Ammonia, making it the world's largest facility. Upon commercial launch of a new ammonia train or Qafco 7, QAFCO is intended to operate its existing Ammonia 1 and 2 trains by revamping them at an approximate cost of QR 0.5 billion to improve their operational efficiency. Upon, operating Ammonia 1 and 2 trains, the sellable capacity of ammonia will reach 1.2 million tons per annum (MTPA) of Blue Ammonia. The Blue Ammonia will be marketed by QatarEnergy Renewable Solutions (QERS) as part of the arrangement.

Steel Segment

Strategy

Group's steel subsidiary (Qatar Steel) continued its domestic market 'focus' strategy, wherein, its products are primarily sold in domestic markets with selective and opportunistic international sales. This strategy was adopted for the last few years, after careful reviewing regional and global steel markets, analyzing Qatar Steel's strengths and weaknesses and its competitive positioning. The segment also rationalized its production strategy to optimize the raw material mix and the operating expenses. The strategy has allowed the segment to realize better yields and a better operating cost base, resulting in sustainable operating margins. During 2023, Qatar Steel revisited its business strategy and decided to strengthen further and consolidate its domestic market position. Qatar Steel looked for appropriate organic and acquisition opportunities to consolidate its position further and decided to buy the domestic long-steel producer Al-Qataria Steel. This acquisition is also expected to bring product diversification as Al-Qataria Steel facilities has the capability to produce wire-rod coil with minor modifications and upgrades.

Macroeconomic updates

The global economy continued to weaken under the influence of hawkish monetary policy adopted by many Central Banks to curb inflation, which, in turn, affected both consumption and investment alike. The construction sector, especially the residential sector, has been negatively affected by the high-interest rates and high-cost environment. However, infrastructure investment remained positive and cushioned the impact to some extent. Despite easing supply chain bottlenecks, the manufacturing sector continues to slow under weakening demand on the backdrop of higher interest rates. The consumer retail sector has been particularly affected. However, the recovery in auto production partially offset the effect, aided by the order backlogs and easing of supply chain bottlenecks.

Operational Review

The objective of the steel segment is to optimize production within the available facilities while maximizing throughput and achieving economies of scale and economies of scope. The segment also continued to maintain its operational and cost efficiency by operating its DR-2 and mothballing the DR-1 facility.

- **Production:** The segment's production was moderately improved by 6% compared to last year due to slightly higher operating days on account of lower facility shutdowns and full operations of DR-2 in 2023. DR-2 was restarted in early 2022, with the ramping-up process occurring during Q1-22, and the acquisition of Al-Qataria Steel took place during the fourth quarter of 2023).
- **Sales volumes:** Sales volumes improved by 14% within the segment versus last year. The improvement was primarily driven by higher production volumes and higher regional sales.
- **Availability and Reliability:** the facility availability and reliability remained at par with 2022.

Financial Results and cash flows

The steel segment continued to benefit from the previously initiated strategic decision of facility mothballing with a domestic focused market approach. As a result, the segment continued to report stable financial performance and reported a net profit of QR 1.0 million up by 16% versus last year. The segment also benefited from continued positive contribution from its associate investment, namely Foulath Holdings.

Improved segmental profits were mainly driven by recognition of one-off non-recurring item related to reversal of previously recorded impairment relating to DR-2 facilities amounting to QR 550 million, and reversal of impairment related to segment's associate Foulath Holdings. At the operating level, operating profits were down by 46%, primarily due to a reduction in segment's average selling prices, lower share of income from segment's associate Foulath Holdings, and higher operating costs.

Prices have declined due to softening domestic demand, coupled with slowdown in international steel prices. Sales volumes have increased by 10% mainly due to increased production volumes amid marginally higher operating days, improved DR-2 utilization, and Al-Qataria acquisition.

The segment reported a free cash flow of QR 72 million for the year excluding investment in Al-Qataria investment, significantly improved versus last year on backdrop of working capital recovery. Operating cash flows generated during the year was QR 157 million. The segment spent QR 346 for routine capital expenditure including Al-Qataria investment¹.

Capital Expenditure

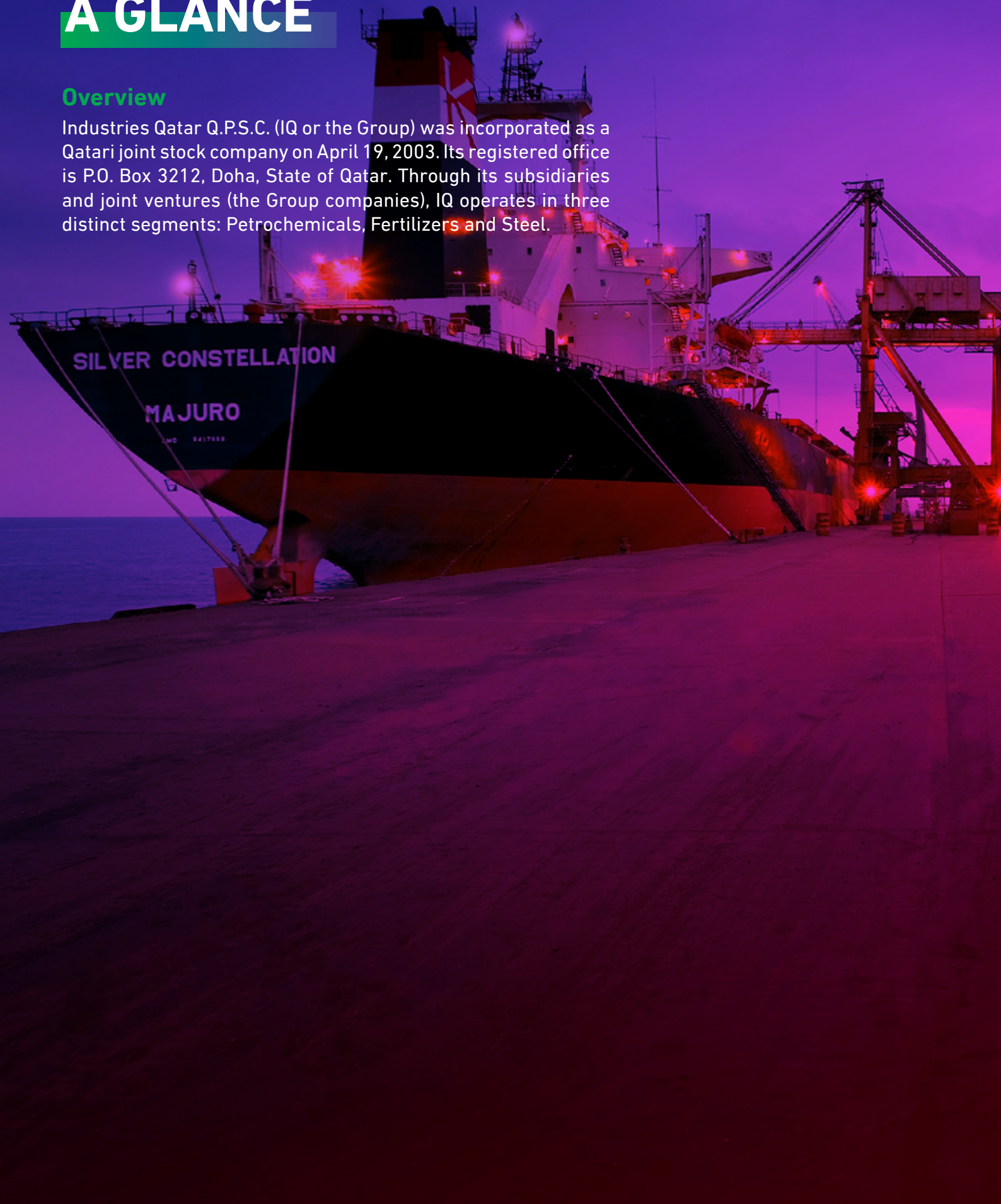
The segment incurred a capital expenditure of QR 83 million during the year. The CAPEX was primarily related to routine property, plant and equipment additions. In terms of capital expenditures over the next five years (2024-2028), the segment is expected to incur QR 0.7 billion in various projects including asset replacements, HSE and reliability improvements. The capital expenditure investment also includes a QR 0.1 billion relating to upgrade to wire-rod mill of Al-Qataria Steel.

¹ Investment in Al-Qataria is considered capital expenditure for free cash flow calculations.

IQ GROUP AT A GLANCE

Overview

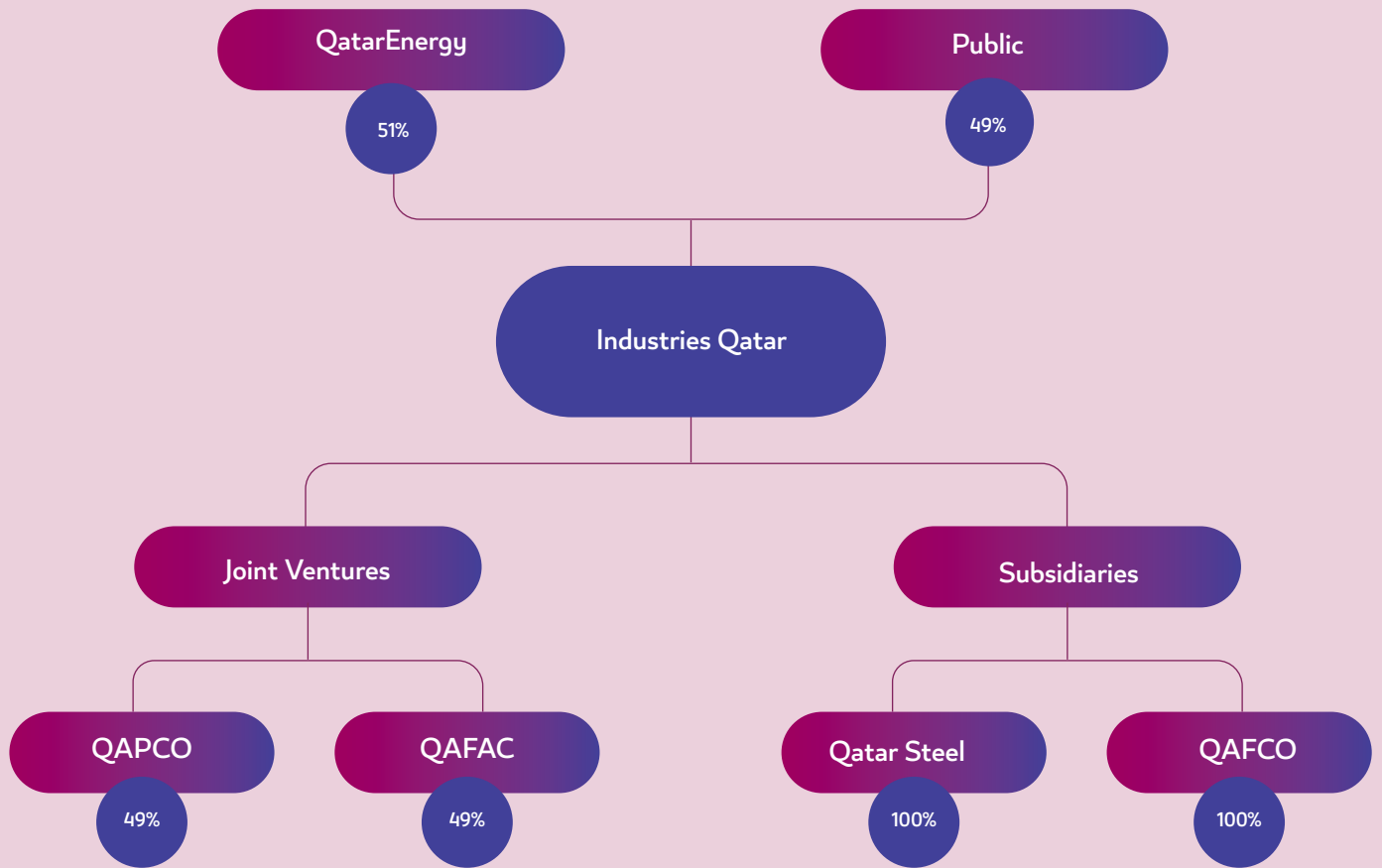
Industries Qatar Q.P.S.C. (IQ or the Group) was incorporated as a Qatari joint stock company on April 19, 2003. Its registered office is P.O. Box 3212, Doha, State of Qatar. Through its subsidiaries and joint ventures (the Group companies), IQ operates in three distinct segments: Petrochemicals, Fertilizers and Steel.



Head Office Functions and Management Structure

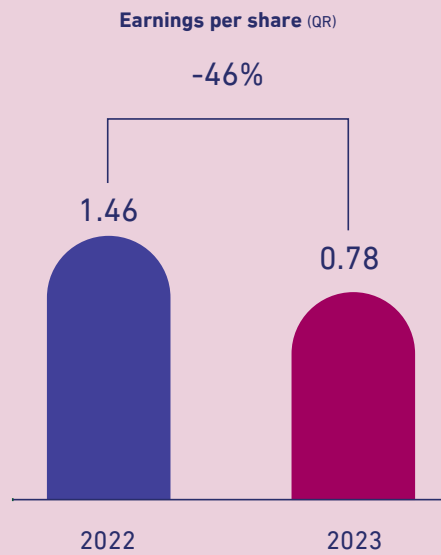
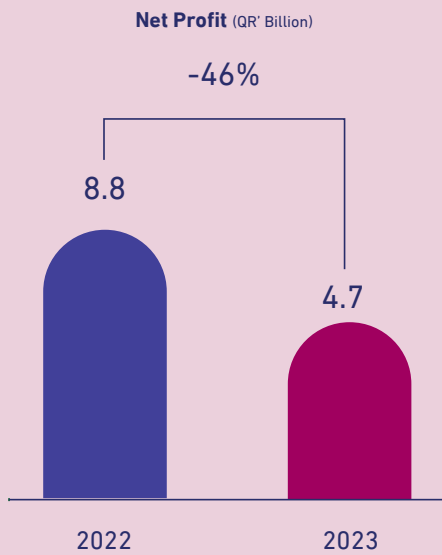
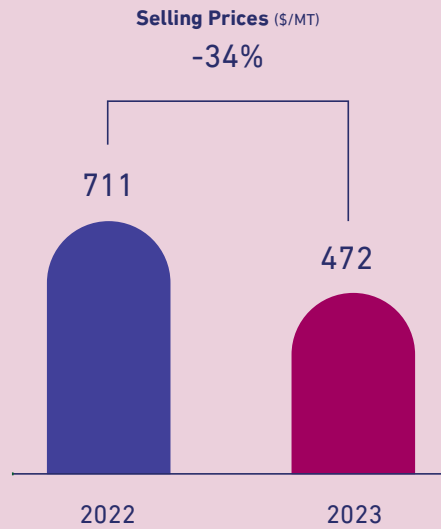
QatarEnergy, IQ’s largest shareholder, provides head office functions through a comprehensive services agreement. The operations of the Group’s subsidiaries and joint ventures remain independently managed by their respective Boards of Directors and senior management teams.

Ownership structure

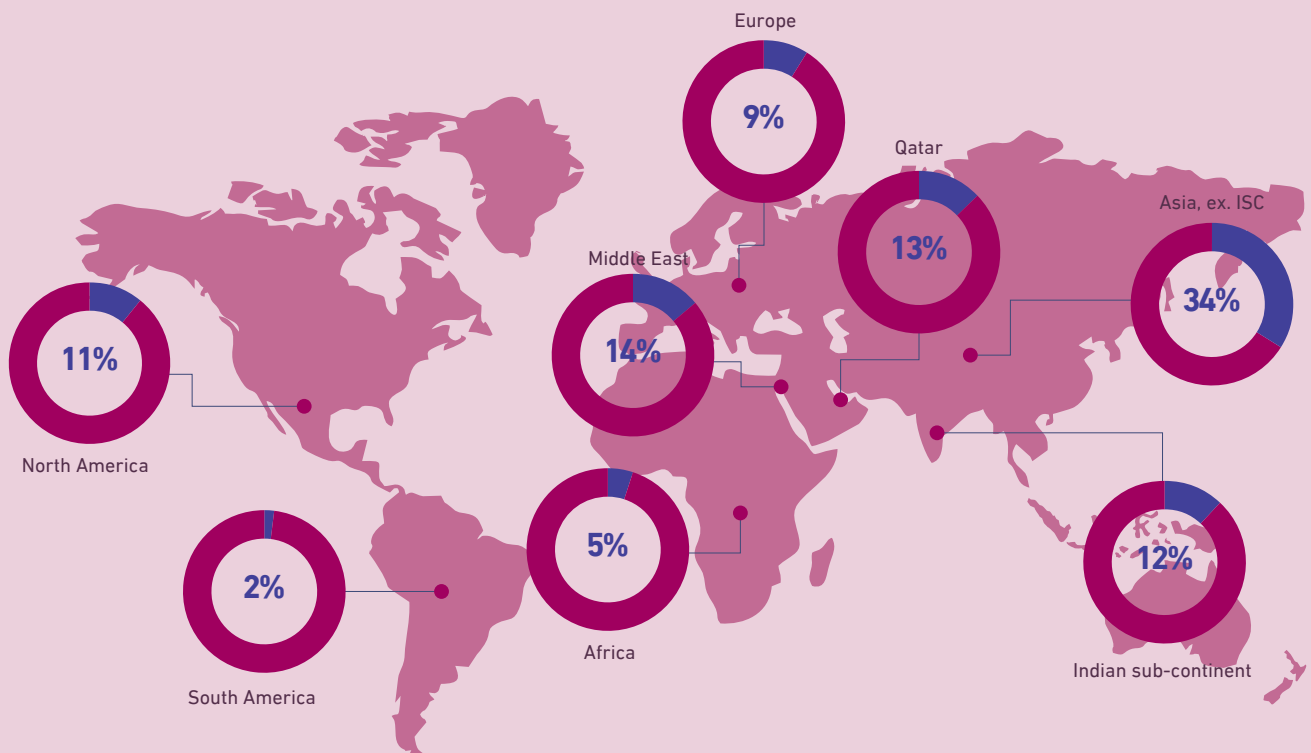


IQ 2023 Performance





IQ Group revenue by geography (%)



IQ BUSINESS SEGMENTS AT A GLANCE



IQ operates in three distinct business segments: Petrochemicals, Fertilizers and Steel. All of the Group's international joint venture partners bring state-of-the-art technical expertise in their respective fields of operation.

Petrochemicals

The petrochemicals business segment comprises two joint ventures: Qatar Petrochemical Company Limited (QAPCO) and Qatar Fuel Additives Company Limited (QAFAC).

Incorporated in 1974 as a joint venture, QAPCO is currently owned by IQ (80%) and Total Petrochemicals (France) (20%). QAPCO has two joint ventures, Qatofin Company Limited and Qatar Vinyl Company Limited, as well as an associate company, Qatar Plastic Products Company.

QAPCO and its group entities are engaged in the production of polyolefins, polyethylene and chlor-alkali products. QAPCO's production capacities of key products are:

	Capacity (000' MT)
Ethylene*	1,150
LDPE	750
LLDPE	551
EDC & VCM	652
Caustic Soda	386

* Excess quantities when available are sold separately; otherwise they are consumed as feedstock.

Note: The capacities reported in the above table represents full production capacities in relation to the producing entities.

Incorporated as a joint venture in 1991, QAFAC is currently owned by IQ (50%), OPIC Middle East Corporation (20%), International Octane L.L.C. (15%) and LCY Middle East Corporation (15%). QAFAC is engaged in the production of methanol and methyl tertiary-butyl ether (also known as methyl tert-butyl ether or MTBE). QAFAC's current production capacities of key products are:

	Capacity (000' MT)
Methanol	1,000
MTBE	610

Note: The capacities reported in the above table represents full production capacities in relation to the producing entities.

Key Products

Ethylene

Ethylene is used as a feedstock for a wide range of petrochemicals. A significant portion is used by QAPCO and Qatofin for production of low density polyethylene (LDPE) and linear low density polyethylene (LLDPE), with the remainder sold to QVC for the production of a range of chlor-alkali products.

Low Density Polyethylene (LDPE), Linear Low Density Polyethylene (LLDPE)

LDPE and LLDPE are thermoplastics produced from ethylene monomer feed through the process of polymerization. Various grades of LDPE and LLDPE are produced which are suitable for a wide range of thermoplastics processing techniques with applications such as films, pipes, cables and wires and other moulded products.

Methanol

A significant portion of methanol produced is used as a feedstock to produce methyl-tertiary-butyl-ether (MTBE), with the remainder sold. Within the petrochemical industry, methanol is used as a raw material for the manufacture of solvents, formaldehyde, methyl-halide, acetic acid, ethyl-alcohol, acetic anhydride, Dimethyl Ether (DME) and MTBE.

Methyl-Tertiary-Butyl-Ether (MTBE)

MTBE is used as a gasoline additive that provides clean-burning fuel to reduce tail gas pollution generated by motor vehicles, while eliminating the need for tetra-ethyl-lead blending.

Caustic Soda

Caustic soda is a colourless, viscous, corrosive liquid with a neutral odour. It is used in numerous industries including paper-making, water treatment, soaps and detergents, textiles and in the production of alumina.

Ethylene Dichloride ("EDC")

EDC is a colourless to yellowish liquid with a faint chloroform-type odour. It is used primarily in the production of vinyl chloride monomer ("VCM"). The majority of EDC produced is used for captive consumption for the production of VCM, with the remainder exported.

Vinyl Chloride Monomer ("VCM")

VCM is a colourless gas with a faint odour. VCM is used primarily in the production of polyvinyl chloride ("PVC") - a versatile plastic with a wide range of end-uses. Over 80% of global demand for PVC is in long-term durable applications for infrastructure development, such as pipes for water and sewer distribution to wire and cable, home siding, windows, doors and flooring.

Sulphur

High quality sulphur is generated as a byproduct from the ethylene production process which is sold domestically, and subsequently exported by the domestic buyer.

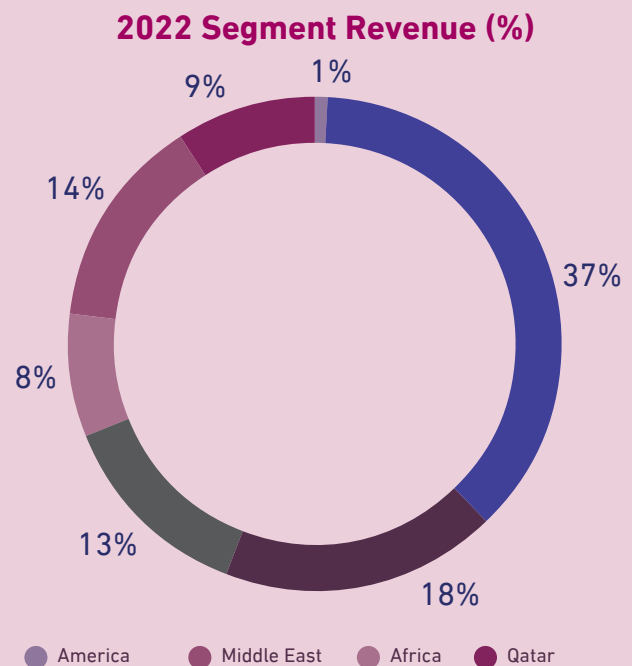
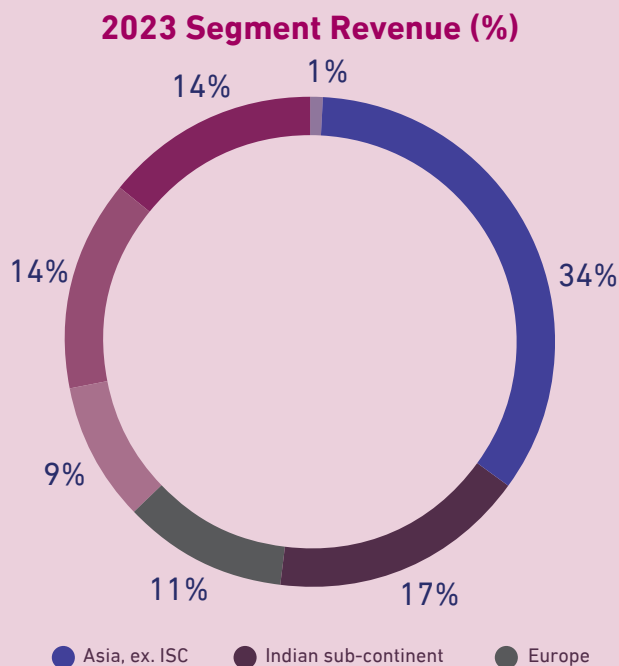
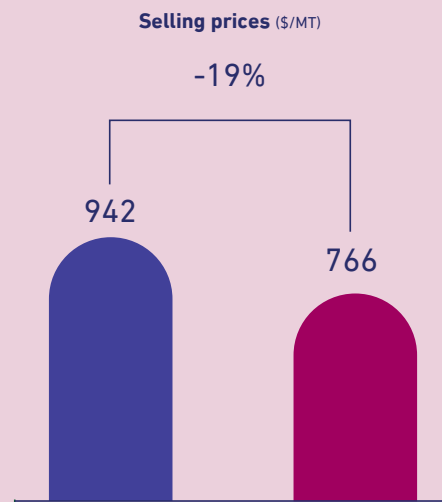
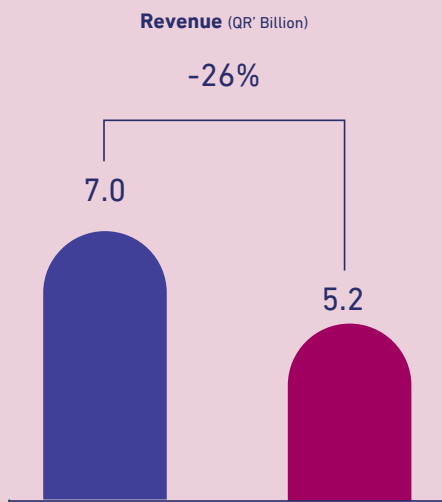
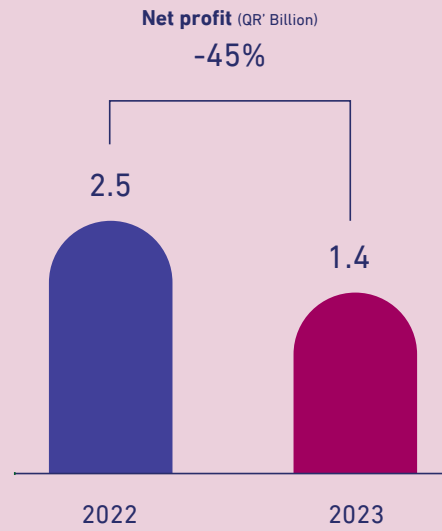
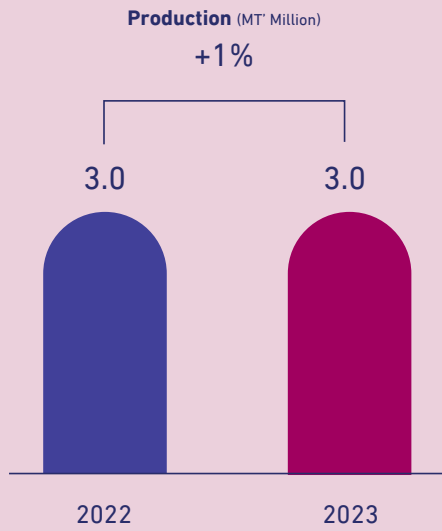
Pyrolysis Gasoline

The limited quantities of pyrolysis gasoline produced by QAPCO are used by a local company as a feedstock.

Mixed LPG, C3 / C4

The minimal quantities of mixed LPG generated are supplied to the local NGL plants to produce propane and butane.

Petrochemicals performance for 2023



● Asia, ex. ISC ● Indian sub-continent ● Europe ● America ● Middle East ● Africa ● Qatar

Fertilizers

The Fertilizers business segment comprises a 100% owned subsidiary, Qatar Fertilizer Company Limited (QAFCO).

QAFCO is currently 100% owned by IQ. QAFCO has two subsidiaries, Gulf Formaldehyde Company and Qatar Melamine Company.

QAFCO together with its subsidiaries is engaged in the production of ammonia, urea, melamine and formaldehyde condensates. QAFCO's production capacities of key products are:

	Capacity (000' MT)
Ammonia*	3,840
Urea	5,957
Melamine	60
Urea Formaldehyde Condensate	65

*Excess quantities when available are sold separately; otherwise they are consumed as feedstock.

Key products

Ammonia

A significant portion of the ammonia produced by QAFCO is used internally as a feedstock for urea production.

Urea

The urea produced by QAFCO is in either prilled or granular form.

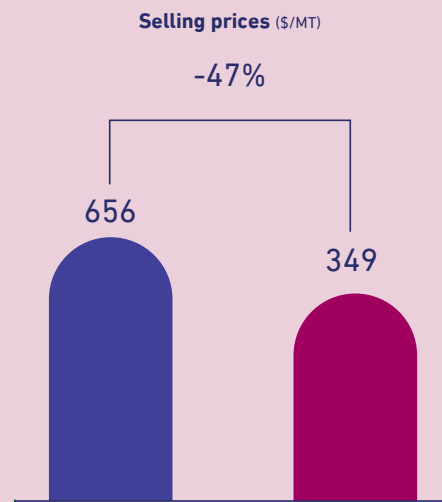
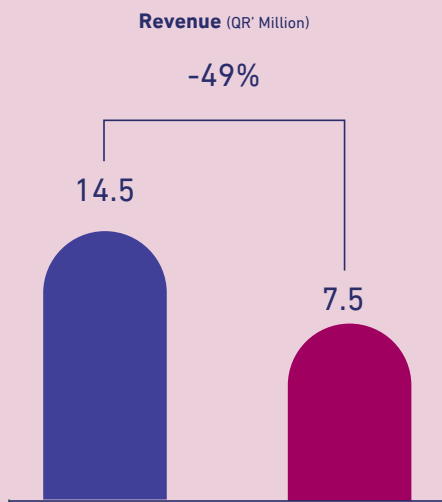
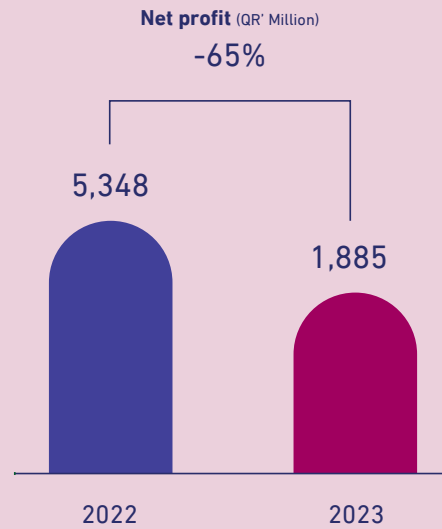
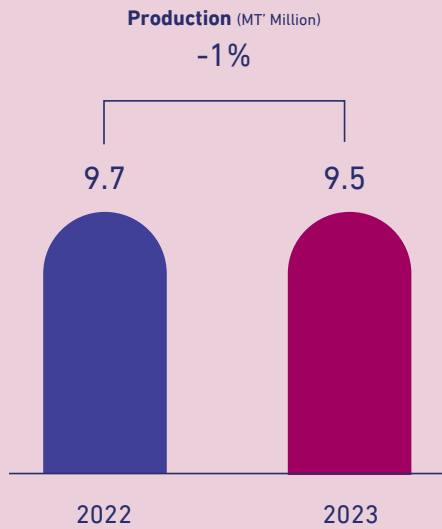
Urea Formaldehyde Condensate (UFC-85)

UFC-85 is an anti-caking agent which is added to urea products to improve their strength. All UFC-85 produced is used in QAFCO'S urea plants.

Melamine

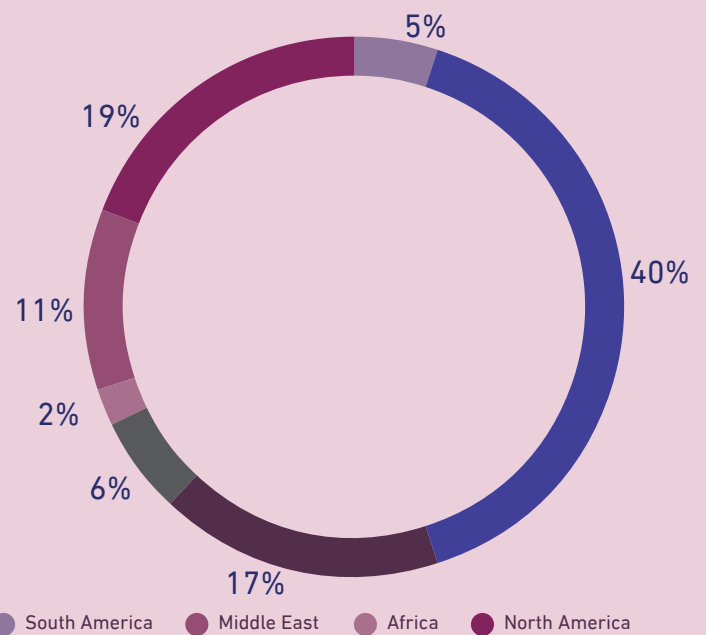
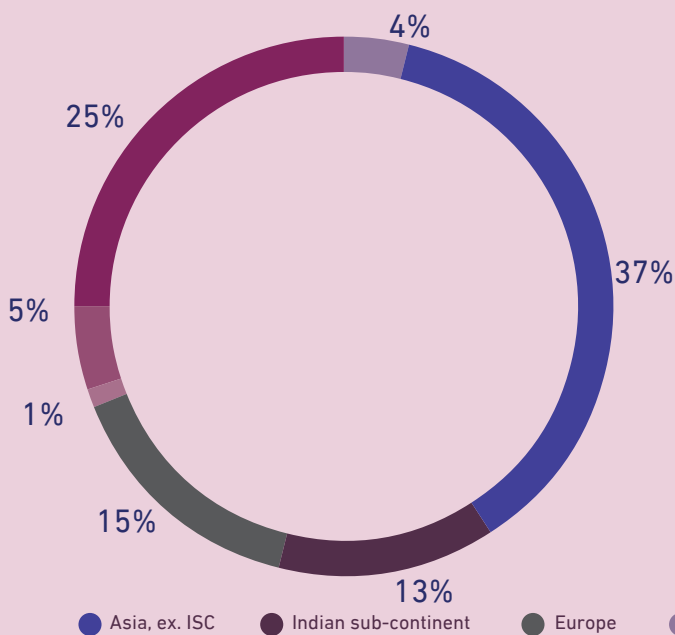
The principal use of melamine is in the construction industry. Melamine is used in the production of high-pressure laminates, which are used for a number of constructions related activities. Melamine is also used in the production of kitchen utensils and plates amongst other products.

Fertilizers performance for 2023



2023 Segment Revenue (%)

2022 Segment Revenue (%)



● Asia, ex. ISC
 ● Indian sub-continent
 ● Europe
 ● South America
 ● Middle East
 ● Africa
 ● North America

Steel

Qatar Steel, incorporated in 1974, is wholly owned by IQ. It has several investments in the steel industry, including three subsidiaries:

1. Qatar Steel Company F.Z.E.
2. Qatar Steel Industrial Investment Company S.P.C.
3. Al Qataria for Production of Reinforcing Steel W.L.L.

Three associate companies:

1. Foulath Holding B.S.C.
2. Qatar Metals Coating Company W.L.L.
3. SOLB Steel Company.

Qatar Steel is engaged in the production of intermediary steel products such as direct reduced and hot-briquetted iron (DRI/HBI), steel billets and final steel products such as rebar and coil. Qatar Steel's production capacities of steel products are:

	Nameplate Capacity (000' MT)	Current Capacity (000' MT)
DRI/HBI*	2,300	1,700
Billets*	2,520	1,000
Rebar	2,300	1,600
Coils	240	240

* Excess quantities when available are sold separately; otherwise consumed as feedstock.

Note: Based on the decision to mothball certain facilities of Qatar Steel, wef 01 April 2020, the name plate capacities have been resized.

Key products

Direct Reduced Iron (DRI) and Hot Briquetted Iron (HBI)

Significant portions of DRI and HBI produced are used internally for the production of intermediate products, and the balance is sold.

Steel Billets

Most steel billets produced are converted into steel re-bars by Qatar Steel, with the remainder, if any, exported to countries in the Gulf region and non-GCC countries (predominantly in ASEAN countries).

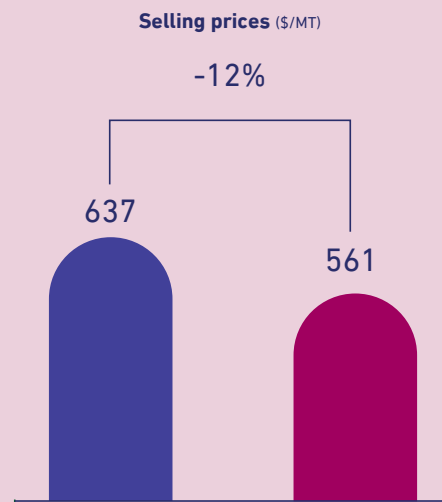
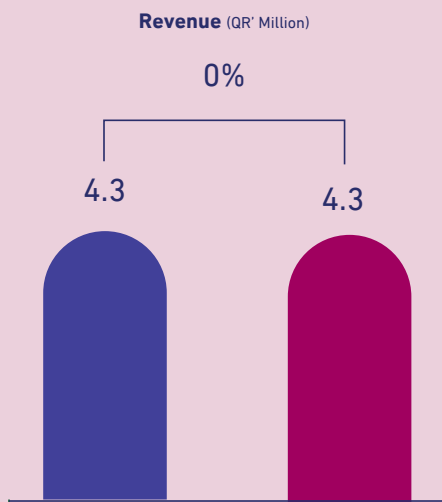
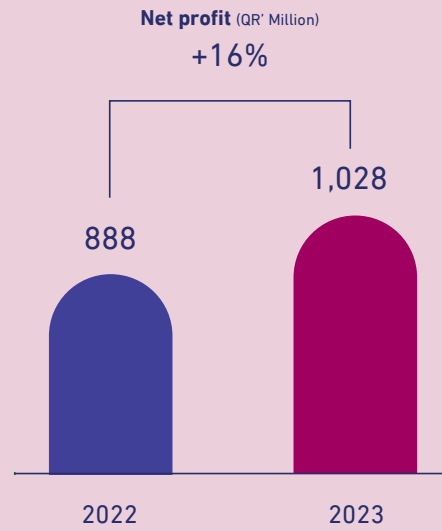
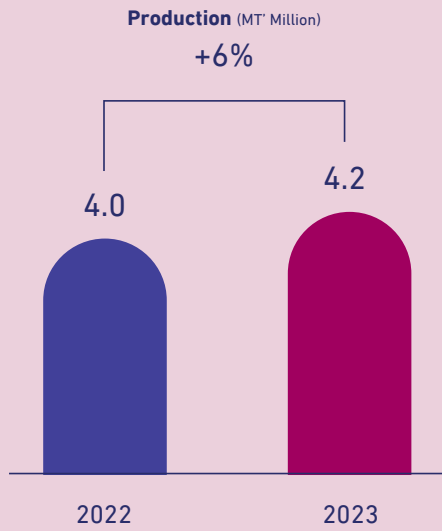
Re-bars

Hot-rolled deformed steel reinforced bars ("re-bars") are used extensively in the construction industry.

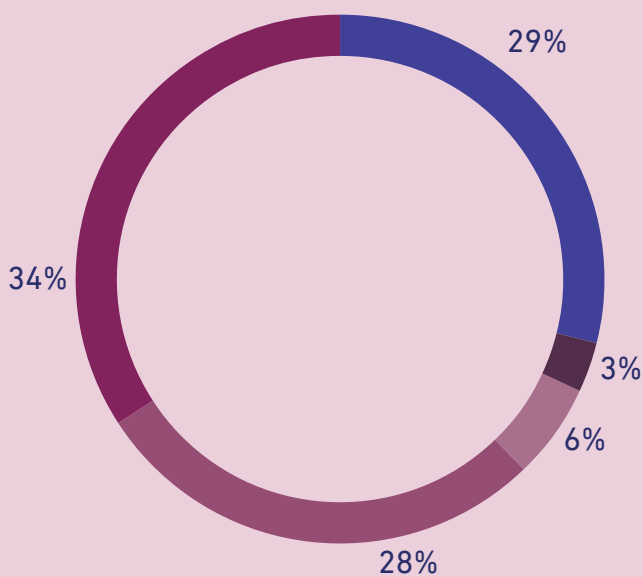
Steel Coils

Re-bars in coils and wire rod in coils are used extensively in the construction industry as refabricated re-bars, binding wires, welded wire mesh and in the pre-cast industry. Wire rod in coil is also used in downstream industries for various applications such as nails, hangers, screws, wire nets, fencing, armored cables and barbed wires. The facility is in the UAE and the majority of production is marketed in the UAE and the region.

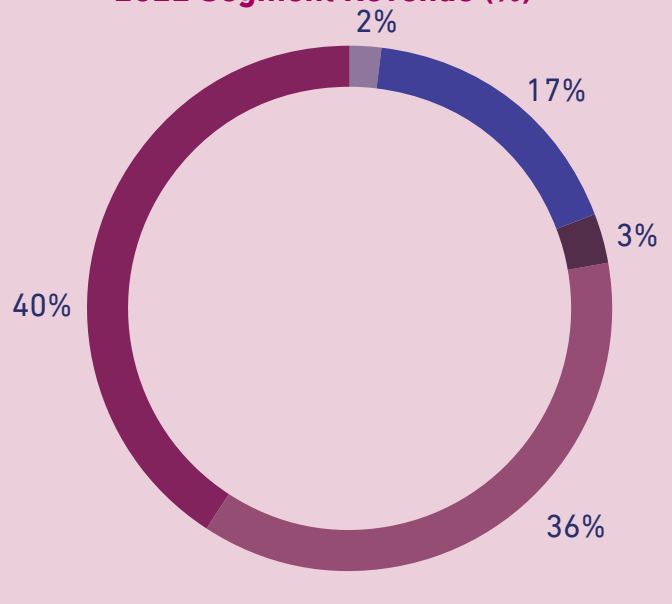
Steel performance for 2023



2023 Segment Revenue (%)



2022 Segment Revenue (%)



● Asia, ex. ISC
 ● Indian sub-continent
 ● America
 ● Middle East
 ● Africa
 ● Qatar

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Industries Qatar Q.P.S.C. Doha, Qatar

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Industries Qatar Q.P.S.C. (the "Company"), and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Total revenue recognized by the Group during the year amounted to QR. 11,744 million.</p> <p>As disclosed in note 9, the Group's share of the combined results from the joint ventures (QAPCO and QAFAC) was QR. 1,360 million for the year.</p> <p>With the exception of one subsidiary, the majority of the revenue earned by subsidiaries and joint ventures is from a single customer.</p> <p>According to the revenue recognition policy, revenue from sale of products is recognized when the Group has transferred control of the products to the customer. This normally occurs at the point of delivery. Terms of delivery are specified in the contracts.</p> <p>ISAs require us to consider the risk of fraud related to revenue recognition. There is an inherent risk of fraud given the high value of transactions and price fluctuations of the products affecting the revenue recognized for the year.</p>	<p>Our procedures in relation to revenue recognition included, inter alia, the following:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design, implementation and operating effectiveness of the internal controls over revenue recognition of the Group and joint venture companies. • Understanding, evaluating and testing the Group and joint venture companies' revenue process, accounting policies against the requirements of IFRSs, and our understanding of the business and related industry practice. • Reviewing the terms of the revenue contracts of the Group and joint venture companies with their customers. • Performing test of details to verify occurrence and accuracy of revenue transactions on a sample basis. • Performing substantive analytical procedure for each of the revenue streams in order to identify any significant deviations from expectations based on the understanding of each of the revenue streams business process and procedures.

We identified the recognition of revenue as a key audit matter, because of the high values of individual shipments. The potential errors relating to occurrence and accuracy of revenue could result in material misstatements in the financial statements of the Group when it recognises revenue and its share of each joint venture's net income under the equity method of accounting.

The following notes to the consolidated financial statements contain further information relating to the above:

Note 3 – Basis of preparation and material accounting policy information

Note 4 – Critical Judgments and Key Sources of Estimation Uncertainty

Note 9 – Investments in Joint Ventures

Note 24 – Revenue.

- Obtaining and inspecting, on a sample basis, a confirmation including the statements of the major customer of the Group and joint venture companies and agreeing them to the accounting records.
- Evaluating the disclosures relating to revenue to determine if they are in compliance with the requirements of IFRSs.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of Qatar Commercial Companies' Law and the Company's article of association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.
- We obtained all the information and explanations which we considered necessary for the purpose of 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 Association were committed during the year which would materially affect the Company's financial position or its financial performance.

Doha - Qatar

February 8, 2024

For Deloitte & Touche

Qatar Branch

Midhat Salha

Partner

License No. 257

QFMA Auditor License No. 120156

Independent Assurance Report, to the Shareholders of Industries Qatar Q.P.S.C., on the Board of Directors' Report on the Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority ("QFMA") Board pursuant to Decision No. (5) of 2016, we have carried out a reasonable assurance engagement over The Board of Directors' Report on the evaluation of Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting (the "Directors' ICFR Report") as of 31 December 2023.

Responsibilities of the directors and those charged with governance.

The Board of Directors of Industries Qatar Q.P.S.C. (the "Company") is responsible for implementing and maintaining effective internal control over financial reporting. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates and judgements that are reasonable in the circumstances.

The Company operates and conducts its activities through the Company and its subsidiaries, associates and joint ventures ("Components") (together the "Group") in the State of Qatar and overseas. Management has communicated with the QFMA to clarify the scope of application of the Code. The QFMA has confirmed that the Code requirements address Companies & Legal Entities Listed on the Main Market. Therefore, the Board of Directors' Report on the Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting is limited to the controls of the Company, as its Components are not listed on the Main Market.

The Company has assessed the design, implementation and operating effectiveness of its internal control system as at 31 December 2023, based on the criteria established in the Internal Control — Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework").

The Company's assessment of its internal control system is presented by Management to the Board of Directors in the form of the Directors' ICFR Report, which includes:

- A description of the system of Internal Control over Financial Reporting in place within the Components of Internal Control as defined by the COSO Framework;
- The scope of material business processes and entities in the assessment of Internal Control over Financial Reporting;
- The Company's conclusion on the design, implementation and operating effectiveness of Internal Control over Financial Reporting as at 31 December 2023; and
- Any material weaknesses in the design, implementation and operating effectiveness of controls as at 31 December 2023.

Our Responsibilities

Our responsibility is to express a reasonable assurance opinion on the fairness of the presentation of the Directors' ICFR Report presented in section 4 of the Company's 2023 corporate governance report, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as at 31 December 2023.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the Directors' ICFR Report is fairly presented. The COSO Framework comprises the criteria by which the Company's Internal Control over Financial Reporting is to be evaluated for purposes of our reasonable assurance opinion.

An assurance engagement to issue a reasonable assurance opinion on the Directors' ICFR Report involves performing procedures to obtain evidence about the fairness of the presentation of the Report. Our procedures on the Directors' ICFR Report included:

- Obtaining an understanding of the Company's components of internal control as defined by the COSO Framework and comparing this to the Directors' ICFR Report;
- Obtaining an understanding of the Company's scoping of significant processes and material entities, and comparing this to the Directors' ICFR Report;
- Performing a risk assessment for all material Account Balances, Classes of Transactions and Disclosures within the Company for significant processes and material entities and comparing this to the Directors' ICFR Report;
- Obtaining Management's testing of the design, implementation and operating effectiveness of internal control over financial reporting, and evaluating the sufficiency of the test procedures performed by management and the accuracy of management's conclusions reached for each internal control tested;
- Independently testing the design, implementation and operating effectiveness of internal controls that address significant risks of material misstatement and reperforming a proportion of management's testing for normal risks of material misstatement.
- Assessing of the severity of deficiencies in internal control which are not remediated at 31 December 2023, and comparing this to the assessment included in the Directors' ICFR Report, as applicable.

The components of internal control as defined by the COSO Framework are Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

We performed procedures to conclude on the risk of material misstatement within significant processes considering the nature and value of the relevant account balance, class of transaction or disclosure.

A process is considered significant if a misstatement due to fraud or error in the stream of transactions or financial statement amount would reasonably be expected to affect the decisions of the users of financial statements. For the purpose of this engagement, the processes that were determined as significant are: Accrued interest, Cash and Cash Equivalents, Dividend Income, Dividend Payable, Income from Investment, Investments in Financial Assets at Fair Value through Profit and Loss, Investments in Fixed Deposits, Investments in Subsidiaries and Joint Ventures, Related Parties, Tax Exemption income, Financial Liability under Forward Contract, Financial reporting, Consolidation and disclosures and Information Technology Controls.

The procedures to test the design, implementation and operating effectiveness of internal control depend on our judgement including the assessment of the risks of material misstatement identified and involve a combination of inquiry, observation, reperformance and inspection of evidence.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion on the fairness of the presentation of the Directors' ICFR Report.

Meaning of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS). An entity's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of the management of the entity; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements, which would reasonably be expected to impact the decisions of the users of financial statements.

Inherent limitations

Because of the inherent limitations of Internal Control over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, Internal Control over Financial Reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

In addition, projections of any evaluation of the Internal Control over Financial Reporting to future periods are subject to the risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the ethical requirements that are relevant in Qatar. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

The firm applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. Accordingly, we maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion the Directors' ICFR Report, is fairly stated, in all material respects, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as at 31 December 2023.

Emphasis of matter

We draw attention to the fact that this assurance report relates to Industries Qatar Q.P.S.C on a standalone basis and not to its subsidiaries and operations of Joint Ventures and Associates (the "Group") as a whole, based on the exceptions as provided by the QFMA. Our report is not modified in this respect.

Doha – Qatar
08 Feb , 2024

For Deloitte & Touche
Qatar Branch

Midhat Salha
Partner
License No. 257
QFMA Auditor License No. 120156

Independent Assurance Report to the Shareholders of Industries Qatar Q.P.S.C. (the “Company”) on the Board of Directors’ Statements on Compliance with the Qatar Financial Markets Authority relevant Regulations including the Corporate Governance Code “Code” for Companies & Legal Entities Listed on the Main Market as at 31 December 2023

In accordance with Article 24 of the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the Qatar Financial Markets Authority (“QFMA”) Board pursuant to Decision No. (5) of 2016 (the “Code”), we have carried out a limited assurance engagement over the Board of Directors’ Statements on Compliance (the “Directors’ Statements on Compliance”) of the Company with the QFMA relevant regulations including the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market (the “Code”) included in Section 2 of the Annual Corporate Governance Report as at 31 December 2023, in accordance with the terms of our engagement letter dated March 6, 2019.

Responsibilities of the Board of Directors

The Board of Directors are required to provide a corporate governance report as part of the Company’s annual report including the Company’s disclosure on its compliance with the relevant QFMA regulations including the provisions of the Code in accordance with the requirements of Article 4 included in these regulations.

Responsibility for compliance with the Code, including adequate disclosure and the preparation of the corporate governance report and that of the Directors’ Statement on Compliance, is that of the Board of Directors, and where appropriate, those charged with governance. This responsibility includes designing, implementing and maintaining internal controls relevant to the Directors’ Statement on Compliance that are free from misstatement, whether due to fraud or error.

The Board of Directors, and where appropriate, those charged with governance, are solely responsible for providing accurate and complete information requested by us. Deloitte & Touche - Qatar Branch has no responsibility for the accuracy or completeness of the information provided by or on behalf of the Company.

The responsibilities of the Board of Directors includes, inter alia, the following:

- a. acceptance of responsibility for internal control procedures;
- b. evaluation of the effectiveness of the Company’s control procedures using suitable criteria and supporting their evaluation with sufficient documentary evidence; and
- c. providing a written report of the effectiveness of the Company’s internal controls for the relevant periods.

The Board of Directors has provided its Report on compliance with QFMA’s relevant regulations including the Code (“Directors’ Statement on Compliance”) in Section 2 of the Annual Corporate Governance Report.

Our Responsibilities

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Directors’ Statements on Compliance does not present fairly, in all material respects, the Company’s compliance with the QFMA relevant regulations including the Code.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements Other Than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board (‘IAASB’).

This standard requires that we plan and perform our procedures to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Directors’ Statements on Compliance, taken as a whole, does not present fairly, in all material respects, the Company’s compliance with the applicable QFMA regulations including the Code. The applicable QFMA regulations including the Code comprises the criteria by which the Company’s compliance is to be evaluated for purposes of our limited assurance conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures comprise mainly of inquiries of management and inspection of supporting policies, procedures, and other documents to obtain an understanding of the processes followed to identify the requirements of the applicable QFMA regulations including the Code (the 'requirements'), the procedures adopted by management to comply with these requirements and the methodology adopted by management to assess compliance with these requirements. We also inspected supporting documentation compiled by management, on a sample basis to assess compliance with the requirements, which we considered necessary in order to provide us with sufficient appropriate evidence to express our conclusion.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

Due to the inherent limitations of a system of internal control, errors or fraud may not be prevented or deterred, and a properly designed and performed assurance engagement may not detect all irregularities.

Control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such control procedures cannot guarantee protection against (among other things) fraudulent collusion especially on the part of those holding positions of authority or trust. Furthermore, our conclusion is based on historical information and the projection of any information or conclusions in our report to any further periods would be inappropriate.

Our Independence and Quality Control

In carrying out our work, we have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm applies International Standard on Quality Management 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusions

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Directors' Statements of Compliance is not compliant with the applicable QFMA regulations as at 31 December 2023.

Use of Our Report

This limited assurance report is made solely to the Company in accordance with the terms of the engagement letter between us. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent limited assurance report and for no other purpose. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Company, we acknowledge that in connection with the Company's compliance with the Code, the Company is required to publish this report, which will not affect or extend our responsibilities for any purpose or on any basis. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and QFMA for our limited assurance work, for this limited assurance report or for the conclusion we have formed.

Emphases of Matter

We draw attention to appendix A to this report, which describes requirements that the Company is still in the process of addressing. Our conclusion is not modified in respect of this matter.

Doha – Qatar

08 February 2024

For Deloitte & Touche

Qatar Branch

Midhat Salha

Partner

License No. 257

QFMA Auditor License No. 120156

Appendix A –

Requirements under QFMA regulations, including the code, that the Company is still in the process of addressing

Sr.	Section to which the matter included in the Company's Annual Corporate Governance Report:	Article No.	In terms of actual application
1.	Section 3-4: Board Chairman	Article (7)	IQ Chairman acts (contrary to Article no. 7 of QFMA Governance Code) as the Company's Managing Director. Industries Qatar is the parent of a group of companies that operate in distinctive industries and its activities are not of an executive nature, thus the reasons to separate between the positions of the Chairman and the Managing Director cease to exist.
2.	Section 3-9-1: Audit Committee	Article (18)	According to the definition of the independent member in QFMA Governance Code, the composition of the BAC does not include independent members (contrary to Article no. 18 of QFMA Governance Code), as they are members of the Board of Directors appointed by the special and majority shareholder (owning 51%)
3.	Section 3-9-3: Nomination Committee	Article (18)	No Nomination Committee was established at the Company level (contrary to Article no. 18 of QFMA Governance Code), as IQ Board of Directors, in accordance with the Company's Articles of Association, consists of eight (8) Directors, seven (7) of whom are appointed by the Special Shareholder, provided that the Chairman and Vice Chairman are amongst them. One (1) Director is appointed by the General Retirement and Social Insurance Authority (Item 3-1 from the corporate governance report).
4	Section 3-2: Board Composition Section 6-4-3: Election of Board Directors	Article (6) Article (35)	Article 22 of the Company's Articles of Association does not define the minimum number of shares to run for the board membership and that the Board Charter does not include requirement related to the required number of Independent and Non-executive members. In accordance with the Company's amended Articles of Association and in accordance with the new amendment Qatar Companies Law promulgated by the law number 8 for 2021 under article 152, the Board of Directors consists of up to eight (8) Directors, seven of whom are appointed by the special shareholder (QatarEnergy) and one Director is appointed by the General Retirement and Social Insurance Authority. Accordingly, the Company's Articles of Association make no explicit provisions on the election of Directors and the procedures for nomination, disclosure, voting and appointment.

CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Notes	As at December 31	
		2023 QR '000	2022 QR '000
ASSETS			
Non-current assets			
Property, plant and equipment	7	13,357,311	11,685,109
Capital project advances	7	175,041	192,374
Investments in associates	8	1,810,706	1,890,060
Investments in joint ventures	9	6,782,965	7,096,559
Deemed investment	10	137,797	35,060
Rights-of-use assets	11	261,844	205,372
Intangible asset – license fee		1,479	1,602
Advances to an associate	8	191,493	--
Total non-current assets		22,718,636	21,106,136
Current assets			
Inventories	13	2,833,277	3,104,908
Trade and other receivables	14	2,665,434	3,477,382
Financial assets at fair value through profit or loss	12	421,079	397,118
Cash and bank balances	5	3,564,342	9,735,354
Fixed deposits	6	10,849,847	7,183,864
Total current assets		20,333,979	23,898,626
Total assets		43,052,615	45,004,762
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	6,050,000	6,050,000
Legal reserve	16	271,942	271,059
Hedging reserve	16	(7,873)	(8,156)
Other reserve	16	(54,392)	(49,728)
Retained earnings		33,699,253	35,739,722
Equity attributable to equity holders of the parent		39,958,930	42,002,897
Non-controlling interest		17,411	16,651
Total equity		39,976,341	42,019,548
LIABILITIES			
Non-current liabilities			
Lease liabilities	11	334,046	295,247
Employees' end of service benefits	19	472,123	465,977
Total non-current liabilities		806,169	761,224
Current liabilities			
Trade and other payables	20	2,220,044	2,132,188
Lease liabilities	11	47,738	91,012
Income tax payable	23	2,323	790
Total current liabilities		2,270,105	2,223,990
Total liabilities		3,076,274	2,985,214
Total equity and liabilities		43,052,615	45,004,762

These consolidated financial statements were prepared by the Group and approved and authorized for issue by the Board of Directors on February 8, 2024 and signed on their behalf by:

Saad Sherida Al-Kaabi
Chairman and Managing Director

Abdulaziz Mohammed Al Mannai
Vice Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2023

	Notes	Year ended December 31	
		2023	2022
		QR '000	QR '000
Revenues	24	11,744,032	18,793,594
Cost of sales	25	(9,216,464)	(12,671,613)
Gross profit		2,527,568	6,121,981
General and administrative expenses	28	(739,813)	(679,747)
Selling and distribution expenses		(79,483)	(68,416)
Share of net results of investment in joint ventures	9	1,359,961	2,460,433
Share of net results of investment in associates	8	281,636	427,855
Income from investments	27	832,080	476,470
Reversal of impairment losses	7 & 8	610,000	--
Finance cost		(28,528)	(23,650)
Other income – net	26	(38,984)	101,228
Profit before tax		4,724,437	8,816,154
Income tax	23	(1,648)	(790)
Profit for the year		4,722,789	8,815,364
Attributable to:			
Equity holders of the parent		4,720,139	8,814,654
Non-controlling interest		2,650	710
		4,722,789	8,815,364
Earnings per share			
Basic and diluted earnings per share (QR per share)	22	0.78	1.46

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Notes	Year ended December 31	
		2023	2022
		QR '000	QR '000
Profit for the year		4,722,789	8,815,364
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of investment in Subsidiary			
Net unrealised loss on defined benefit obligation	19	(1,752)	(24,050)
Share of other comprehensive income of investment in joint ventures			
Net unrealised loss on defined benefit obligation	9	(2,912)	(16,864)
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of investment in associates			
Movement in cash flow hedges	8	283	(3,346)
Other comprehensive loss for the year		(4,381)	(44,260)
Total comprehensive income for the year		4,718,408	8,771,104
Attributable to:			
Equity holders of the parent		4,715,768	8,770,394
Non-controlling interest		2,640	710
		4,718,408	8,771,104

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ending December 31, 2023

Notes	Share capital	Legal reserve	Hedging reserve	Other reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total equity
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Balance at January 1, 2022	6,050,000	195,856	(4,810)	(8,814)	33,261,035	39,493,267	17,021	39,510,288
Profit for the year	--	--	--	--	8,814,654	8,814,654	710	8,815,364
Other comprehensive income for the year	--	--	(3,346)	(40,914)	--	(44,260)	--	(44,260)
Total	6,050,000	195,856	(8,156)	(49,728)	42,075,689	48,263,661	17,731	48,281,392
Dividends declared for 2021	--	--	--	--	(6,050,000)	(6,050,000)	(1,080)	(6,051,080)
Social and sports contribution fund	17	--	--	--	(210,764)	(210,764)	--	(210,764)
Transfer to legal reserve	16	--	--	--	(75,203)	--	--	--
Balance at December 31, 2022	6,050,000	271,059	(8,156)	(49,728)	35,739,722	42,002,897	16,651	42,019,548
Balance at January 1, 2023	6,050,000	271,059	(8,156)	(49,728)	35,739,722	42,002,897	16,651	42,019,548
Profit for the year	--	--	--	--	4,720,139	4,720,139	2,650	4,722,789
Other comprehensive loss for the year	--	--	283	(4,664)	--	(4,381)	--	(4,381)
Total	6,050,000	271,059	(7,873)	(54,392)	40,459,861	46,718,655	19,301	46,737,956
Dividends declared for 2022	--	--	--	--	(6,655,000)	(6,655,000)	(1,890)	(6,656,890)
Social and sports contribution fund	17	--	--	--	(108,836)	(108,836)	--	(108,836)
Social and sports contribution refund	--	--	--	--	4,111	4,111	--	4,111
Transfer to legal reserve	16	--	--	--	(883)	--	--	--
Balance at December 31, 2023	6,050,000	271,942	(7,873)	(54,392)	33,699,253	39,958,930	17,411	39,976,341

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	Notes	Year ended December 31	
		2023	2022
		QR '000	QR '000
Cash flows from operating activities			
Profit before tax for the year		4,724,437	8,816,154
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangible assets		1,463,129	1,467,276
Amortisation of right-of-use assets	11	40,433	30,709
Impairment loss reversed during the year		(610,000)	--
Provision for employees' end of service benefits	19	68,109	62,145
Share of net results from joint ventures	9	(1,359,961)	(2,460,433)
Share of net results from associates	8	(281,636)	(427,855)
Loss on disposal of property, plant and equipment		1,182	21,818
Dividend income from financial assets at fair value through profit or loss	27	(19,149)	(15,588)
Reversal of expected credit losses on trade and other receivables		(97)	(229)
Fair value gains from financial assets at fair value through profit or loss		(23,961)	(48,608)
Finance costs		28,528	23,650
Reversal / (write off) of provision for inventory		(8,896)	413
Provision for obsolete and slow-moving inventories		5,541	42,711
Interest income	27	(812,931)	(460,882)
Gain on lease modifications		--	(22,038)
Operating cash flows before changes in working capital		3,214,728	7,029,243
Changes in working capital			
Inventories		274,983	(1,143,157)
Trade and other receivables		837,486	1,144,509
Trade and other payables		180,557	233,869
Cash generated from operations		4,507,754	7,264,464
Payments of end of service benefits		(69,940)	(55,308)
Payments of income tax		(115)	(669)
Social and sports contribution fund paid		(206,654)	(199,004)
Net cash generated from operating activities		4,231,045	7,009,483

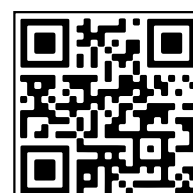
	Notes	Year ended December 31	
		2023	2022
		QR '000	QR '000
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment		28	228
Additions to property, plant and equipment and catalysts		(2,214,405)	(598,963)
Capital project advances movements	7	--	(192,374)
Dividends received from associate	8	421,273	111,760
Net consideration paid on acquisition of subsidiary	31	(345,080)	--
Deemed Investment		(102,735)	(35,060)
Dividends received from financial assets at fair value through profit or loss	27	19,149	15,588
Dividends and tax benefits received from joint ventures	9	1,670,643	2,169,609
Advances to an associate		(191,493)	--
Movement in fixed deposits	6	(3,665,983)	2,295,613
Interest income received		792,125	422,226
Net cash (used in)/ generated from investing activities		(3,616,478)	4,188,627
Cash flows from financing activities			
Interest paid related to lease liability		(20,751)	(13,729)
Repayment of principal related to lease liability		(102,310)	(20,208)
Finance costs paid		(1,566)	(1,282)
Dividends paid		(6,656,890)	(6,051,080)
Net cash used in financing activities		(6,781,517)	(6,086,299)
Net (decrease) /increase in cash and cash equivalents		(6,166,950)	5,111,811
Cash and cash equivalents at beginning of year		9,626,954	4,515,143
Cash and cash equivalents at end of year	5	3,460,004	9,626,954

Notes to cash flow statement:

The following non-cash activities are entered into by the Group and are not reflected in the consolidated statement of cash flows:

- During the year 2023, the Group recognized additional right of use assets and lease liabilities amounting to QR 91.11 million (2022: QR 138.96 million).
- During the year 2023, the Group recognized lease modifications resulting reduction right of use assets and lease liabilities amounting to QR Nil (2022: QR 89.78 million) and QR Nil (2022: QR 111.82 million), respectively.

Notes to the consolidated financial statements are an integral part of the financial statements. For more information, please visit MPHC's website: www.iq.com.qa or please scan the QR-code using a smart phone for easy access to the full set of consolidated financial statements.



2023 CORPORATE GOVERNANCE REPORT



1. Introduction

Industries Qatar (hereinafter referred to as "IQ" or "the Company"), a Qatari public shareholding company listed on Qatar Stock Exchange, was incorporated on 19th of April 2003 in accordance with the provisions of its Articles of Association and the Commercial Companies Law promulgated by Law no. 5 of 2002, especially Article 68 thereof. IQ then brought its Articles of Association into conformity with the provisions of the Commercial Companies Law promulgated by Law no. 11 of 2015 as amended by Law no. 8 of 2021, having regard to the peculiar nature of its incorporation.

QatarEnergy, the founder, Special Shareholder and 51% majority shareholder, provides the Company with all the financial and head office services under a service-level agreement. IQ therefore applies some of QatarEnergy's established rules and procedures of QatarEnergy as a service provider. As part of its Board of Directors' efforts aimed at complying with the principles of corporate governance and applying industry-standard best practices, IQ management had made an agreement with a consultant to develop a Corporate Governance Framework, which was approved by the Board of Directors at its fourth meeting of 2011 held on 26th of December 2011.

2. Scope of implementation of the governance and compliance with its principles

Out of a firm belief in the importance and necessity of entrenching the principles of good governance to ensure and enhance value creation to shareholders, IQ Board of Directors is firmly committed to implementing governance principals set forth in the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA) pursuant to QFMA Board decision no. 5 of 2016, and in line with the provisions of the Company's AoA.

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

Moreover, the Board of Directors upholds the values of corporate social responsibility, puts the interest of the Company and its stakeholders ahead of any other interest, carries out its roles and responsibilities in good faith, integrity, honor and sincerity and takes the responsibility arising therefrom to the stakeholders and community.

The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance applications, as and when required, last such review conducted on 24/10/2023. In addition, the Board of Directors endeavors to maintain a Code of Conduct that reflects the values held by the Company and ensures the establishment of the principals of transparency, upholding the values of self-control and integrity and acknowledging responsibility.

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

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

3. Board of Directors

3-1 Board Structure

Industries Qatar was established by QatarEnergy, a Qatari state-owned public corporation established by Decree Law no. 10 of 1974, as a parent company of a group of companies that have been operating for decades in strategic and critical sectors - petrochemicals, fertilizers, steel - to enhance and manage a major component of the economic diversification of the value-added chain in Qatar, and to help achieve this goal by managing a group of sustainable value-added companies in their sectors, which in turn contributes to the industrial development in Qatar, while playing a major role in the development of the relevant sectors.

In addition, Qatari nationals were given investment opportunity, as Industries Qatar went public and listed on Qatar Stock Exchange by QatarEnergy to share the generated profits with them, ensuring they get the maximum benefit. Also, the IPO price was lower than the fair estimate of the share value. All shareholders receive annual dividends in proportion to their shareholdings.

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

Due to many reasons that show how closely the Company's financial and operational performance is connected to QatarEnergy, making it vital to maintain aligned strategy and vision, QatarEnergy, the Special Shareholder, had to reserve the right to appoint seven members of the Company's Board Directors and senior executive management teams who are sufficiently qualified and experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. The reasons are summarized as follows:

- QatarEnergy is the founder, Special Shareholder and 51% majority shareholder.
- The contractual obligations on QatarEnergy set out in the agreements signed with foreign partners in the subsidiaries, which were the basis for the establishment of the Company and transfer of QatarEnergy's stakes in the subsidiaries to Industries Qatar.
- Industries Qatar and its subsidiaries/joint ventures depend on QatarEnergy for supply of feedstock and infrastructure.
- Industries Qatar and its subsidiaries/joint ventures depend on QatarEnergy for technical, technological and marketing support.
- QatarEnergy provides the Company with all financial and head office services under a comprehensive service-level agreement. These services are provided as and when requested to ensure that the operations of Industries Qatar are fully supported.

Therefore, the Board, in accordance with the Company's amended Articles of Associations, consists of up to eight (8) Directors, seven (7) of whom are appointed by the Special Shareholder, provided that the Chairman and Vice Chairman are amongst them. One (1) Director is appointed by the General Retirement and Social Insurance Authority.

The Special Shareholder, QatarEnergy, appoints seven (7) Directors, given the peculiar nature of the Company's incorporation and activity as noted earlier, while the eighth Director is appointed by the General Retirement and Social Insurance Authority. The composition of the Board of Directors and allocating a seat to the General Retirement and Social Insurance Authority came as part of QatarEnergy's endeavor to ensure participation of the General Retirement and Social Insurance Authority, as the second largest shareholder in IQ, through the appointment of one (1) Director.

The amendment to the composition of the Board of Directors was presented to and approved by the Company's Extraordinary General Assembly held on 13th of September 2020. The new composition of the Board of Directors came into effect as from the new term of office that commenced on 1st of March 2021, the date on which the General Assembly held its meeting to approve the financial statements for the financial year ended 31st of December 2020.

Moreover, the Extraordinary General Assembly approved the addition of Article 22-3 which reads as follows: "In the event that the total ownership percentage of the Civil Pension Fund and Military Pension Fund (of the General Retirement and Social Insurance Authority) in the Company's share capital falls below 15% (without prior approval of the Special Shareholder), the seat of the General Retirement and Social Insurance Authority on the Board and the right to appoint a Director to occupy such a seat shall be vested to the Special Shareholder."

Except for those matters required by the Company's Articles of Association to be decided by the shareholders, the Board of Directors of the Company shall enjoy the widest powers necessary to give full effect to the objects of the Company. The Board may delegate any such power to any one or more of the Directors.

3-2 Board Composition

Directors are appointed for renewable terms of three (3) years or such shorter periods (being no less than one (1) year). Pursuant to QatarEnergy's resolution no. 4 of 2021 passed on 3rd of March 2021, IQ Board of Directors was reconstituted in accordance with Article no. 22 of the Company's Articles of Association for three years. Accordingly, seven (7) Directors were appointed by QatarEnergy with effect from 5th of March 2021 and one (1) Director was appointed by the General Retirement and Social Insurance Authority for the term 2021-2024.

In accordance with the definition of the Independent Director in QFMA Governance Code, IQ Non-Executive Directors are Non-Independents, as they are representatives of a legal person that owns more than 5% of the Company's share capital. Therefore, the Board is composed of one (1) Executive Director and seven (7) Non-Executive Non-Independent Directors as described in the Appendix on the Bios of Board Directors.

In accordance with the composition of the Board and its roles and responsibilities provided for in Board Charter, Manual of Authority and Company's Articles of Association, no one or more of Directors may have control over passing resolutions. Resolutions of the Board shall be passed by a simple majority of those Directors present and entitled to vote at the relevant meeting of the Board, each Director present having one vote.

QatarEnergy appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. In addition, QatarEnergy ensures that all of its representatives in group companies attend appropriate training and awareness programs so that group companies' boards of directors can achieve the highest levels of performance and adopt the best governance practices.

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

3-3 Key roles and responsibilities of the Board

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

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

As part of the Company's Board of Directors' efforts aimed at determining Board roles and responsibilities in accordance with QFMA Governance Code and ensuring adherence, Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on the 3rd of March 2022, amended article no. 28 "Directors' Responsibilities and Liabilities" of its Articles of Association to read as follows: "The Board shall prepare a Charter called "Board Charter" detailing the Board's functions, and rights, duties and responsibilities of the Chairman and Directors. The roles and responsibilities of the Board are defined in accordance with the provisions of the Law and the Governance Code for Listed Companies issued by Qatar Financial Markets Authority."

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

The Board of Directors puts in place a corporate governance framework consistent with the provisions of QFMA Governance Code and oversees all aspects of the framework, monitors its effectiveness and makes amendments as required. The Board also reviews the Company's policies and procedures to ensure compliance with the relevant laws, regulations, IQ's Memorandum of Association and Articles of Association.

The Board may delegate some of its functions or authorities to Board Committees or Special Committees. Special Committees are constituted to undertake specific tasks under written and clear instructions. In accordance with the Company's Manual of Authority, the Board shall determine the authorities it may delegate to the executive management and the procedures for decision-making. The Board may also determine the matters that it retains the right to decide on. In all cases, the Board remains liable for all of its functions or authorities so delegated.

The Board carries out its functions and duties in accordance with the provisions of Article (9) of QFMA Governance Code, amongst which the Board shall not enter into loans that spans more than three years and shall not sell or mortgage real estate of the Company, or drop the Company's debts, unless it is authorized to do so by the Company's Articles of Association, which so authorize to the Company's Board of Directors. In addition, under IQ internal regulations, including Board Charter, the Board shall ensure that the Company adheres to its Articles of Association and the applicable laws and regulations, including QFMA regulations. Also, the Board may not act or make transactions that do not comply with the relevant laws and regulations, and that such actions or transactions must be approved by the relevant authorities, including the Company's General Assembly.

In accordance with the Company's AoA, all Directors shall be jointly and individually liable for any fraudulent act, abuse of power, negligent errors in management or violations of the Articles or Law.

3-4 Board Chairman

The Chairman is primarily responsible for the proper management of the Company in an effective and productive manner, making available for Board Directors all data and information in a timely manner. The Corporate Governance Framework includes the Chairman's job description (roles and responsibilities). As described in detail within the Governance Framework, these roles and responsibilities, whether strategic, operational or administrative, are well aligned with the Chairman's main objective of providing the strategic guidance to IQ, protecting shareholders' rights and achieving the Company's vision and strategic objectives profitably and sustainably.

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

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on the 3rd of March 2022, amended article no. 42 "Role of Chairman and Deputy Chairman" of its Articles of Association to read as follows: "The Chairman shall represent the Company towards Third Parties and Judiciary, and his signature shall be regarded by Third Parties and Judiciary as indicating approval by the Board of any transaction to which it relates. The Chairman shall implement the resolutions passed by the Board and abide by the recommendations thereof. The Chairman may delegate some of his powers to other Directors or members of the senior executive management. The delegation shall be of definite period and subject. The Deputy Chairman (if any) shall substitute for the Chairman in his absence. Board meetings and General Assembly meetings shall be chaired by the Chairman, or in his absence the Deputy Chairman (if any), or in the absence of both of them any other Director appointed by the Directors to act as the Chairman."

The Chairman is not a member of any Board Committee referred to in QFMA Governance Code. IQ Chairman acts (contrary to Article no. 7 of QFMA Governance Code) as the Company's Managing Director. Industries Qatar is the parent of a group of companies that operate in distinctive industries and its activities are not of an executive nature, thus the reasons to separate between the positions of the Chairman and the Managing Director cease to exist. However, the main purpose of separating the two positions is taken into consideration as follows:

- No one person in the Company should have unfettered powers or influence on decision making at the time of developing the Company's Manual of Authority and the relevant regulations.
- The Chairman in his capacity as the Chairman or Managing Director is not a member in any of the Board Committees or Special Committees, while ensuring that committees' Manuals of Authority and Terms of Reference are developed for effective functioning, members of the Committees are properly selected, and that committees' Manuals of Authority and Terms of Reference are in line with best practices of governance.
- The roles and responsibilities of the Chairman are separated from those of the rest of Board Directors and members of the Company's executive management.

3-5 Board Directors

Directors are committed to exercising due care and making full use of their diverse skills and experience in managing the Company and complying with the relevant regulations and laws, including Board Charter and the Code of Ethics, and to work in accordance with the ethical principles of integrity, respect, objectivity, accountability, excellence, sustainability and confidentiality to ensure upholding the interests of the Company, its shareholders and other stakeholders to be priority before any other interest. In accordance with the Company's Articles of Association and Conflict of Interest Policy, Directors shall declare any financial and commercial transactions and judicial proceedings that may adversely affect the performance of their assigned duties and responsibilities.

3-6 Board meetings

The Board of Directors convenes for the conduct of business, adjourn and otherwise regulates its meetings as it thinks fit. In accordance with Article no. 31-1 of the Company's Articles of Association, the Board shall meet at least six (6) times during the Company's fiscal year, and a three-month period may not lapse without a meeting of Board. Board meeting shall not be valid unless attended by the majority of Directors thereof, provided that the Chairman or the Vice Chairman is amongst them. In accordance with the Company's amended Articles of Association, the Board fulfilled the minimum required number of meetings (6 meetings) during 2023.

In accordance with Board Charter and the Company's Articles of Association, all Board meetings are convened by a notice from the Chairman or, in his absence, the Vice Chairman (if any), or any two Directors or such other Director as is duly authorized by the Chairman. Meeting agenda and invitations are given to every Director not less than seven (7) days prior to the date set for the meeting. A meeting of the Board shall, with a notice of less than seven (7) days, be deemed to have been appropriately convened in the absence of any objection by Directors and as agreed by those Directors to attend.

Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on the 3rd of March 2022, amended article no. 36 "Business Not on Agenda" of its Articles of Association to read as follows: "No resolution may be proposed to the Board at a meeting unless the matter is on the agenda for that meeting or at least two (2) Directors (or the proxy of such Directors) agree to a request by a Director that one or more items may be added to the agenda."

In accordance with the Company's Articles of Association, an absent Director may appoint in writing a Director to represent him in attendance and voting, provided that no Director may represent more than one Director. The office of a Director shall be vacated by such Director if he absents himself from three (3) consecutive or four (4) non-consecutive Board meetings without an excuse being accepted by the Board.

To ensure full participation of all Directors in Board meetings, Director has the right to use any secure technological means of communications to enable him to hear and actively participate in discussing Board agenda items and passing resolutions. A participating Director in such a manner shall be considered as personally present at the meeting and counted in the quorum and shall be entitled to vote.

3-7 Board resolutions

In accordance with the Company's Articles of Association and internal regulations, Board resolutions shall be passed by a simple majority of those Directors present and entitled to vote at the relevant meeting of the Board, each Director present having one vote. In the event of a tie, the Chairman shall have a casting vote. The Board shall keep minutes of all resolutions and proceedings of Board meetings and those absent from and attending such meetings. The Chairman, Secretary and all attendants shall sign on the minutes. Any objecting Director shall enter his objection in the minutes of meeting.

As for circular resolutions in writing, the Board of Directors may, in case of necessity and on urgency grounds, pass resolutions in writing by circulation subject to written approval on such resolutions by all Directors. The resolution shall be deemed in force and effective for all purposes as if it was adopted at a duly called meeting of the Board. In all cases, the resolution in writing shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting.

3-8 Board Secretary

In accordance with the Company's Articles of Association, the Board or the Special Shareholder may take a decision to appoint a Board Secretary for such period and on such terms as it may decide and may revoke such appointment. The Board shall decide on the duties of the Company's Secretary and on the scope of his/her authority and his/her annual remuneration.

The detailed roles and responsibilities of the Board Secretary are included in the Board of Directors Job Descriptions within the Corporate Governance Framework. These roles and responsibilities are aligned with the main objective of providing comprehensive and confidential administration and support services to the Board of Directors. The Secretary keeps safe Board documents and coordinates among Board Directors in a timely and appropriate manner.

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

The current Board Secretary has a legal experience that spans more than 17 years. In addition, the Secretary has long expertise in the affairs of a listed company.

The Secretary may, as he/she deems appropriate and upon approval of the Chairman, delegate to a representative any of his/her duties, powers or discretionary authorities. However, the representative shall not have the right to delegate such duties, powers and authorities to another person.

3-9 Board Committees

As part of implementing governance, the Board of Directors established some Board Committees and Special Committees delegated with some powers and authorities to carry out specific tasks and conduct Company's business. The Board of Directors remains liable for all the powers and authorities so delegated. Board Chairman is not a member of any Board Committee or Special Committee. The Board also reviews and assesses the performance of the committees on an annual basis. Board Committees are as follows:

3-9-1 Audit Committee

The Board Audit Committee (BAC) was constituted pursuant to Board resolution no. 7 of the fourth meeting of IQ Board of Directors of 2011. The current BAC was formed by virtue of resolutions nos. 3 and 5 of 2018. The BAC currently consists of 3 members, including a Board Director as Chairman, all of whom have the required experience necessary to effectively perform their duties and exercise all authorities and powers vested in or exercisable by the Committee. Committee Chairman is not a Chairman or a member of any other Committee.

According to the definition of the independent member in QFMA Governance Code, the composition of the BAC does not include independent members (contrary to Article no. 18 of QFMA Governance Code), as they are members of the Board of Directors appointed by the special and majority shareholder (owning 51%). No one of the current members has directly or indirectly conducted external audit for the Company during the two years prior to their membership in the Committee.

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

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

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

1. Approve the External Auditor's report on the consolidated and standalone financial statements for the financial year ended 31st of December 2022.
2. Review and endorse the consolidated and standalone financial statements for the financial year ended 31st of December 2022 and present the executive summary report.
3. Endorse the appointment of the External Auditor for the financial year ended 31st of December 2023 and determine their fees.
4. Endorse 2022 Corporate Governance Report.
5. Review and endorse the consolidated financial statements for the financial period ended 31st of March 2023 and present the executive summary report.
6. Present executive summary report (Year-to-Date April 2023)
7. Review and endorse the consolidated financial statements for the financial period ended 30th of June 2023.
8. Review and endorse the consolidated financial statements for the financial period ended 30th of September 2023 and present the executive summary report.
9. Review periodic internal audit activities of previous internal auditor, including risk assessment update, audit plan for the Company and its subsidiaries/joint ventures, conclusions, recommendations and related corrective actions.
10. Conduct annual self-assessment of Committee performance.
11. Follow up with the newly appointed internal auditor assigned to carry out the internal audit mandate for the company for a period of five years starting from January 1, 2023. This includes budgetary considerations, the required working hours for the activities, risk assessment criteria, and the development of an audit plan covering both the company and its subsidiaries
12. Review potential conflict of interest issue related to the newly appointed internal auditor. In this regard, the committee decided to hold the newly appointed internal auditor's activities until evaluation of his independence in performing his internal audit duties in accordance with internal audit standards to avoid any potential conflict of interest
13. Reviewing the company's governance framework to ensure full compliance with the provisions of the corporate governance code issued by QFMA, as well as the provisions of the Commercial Companies Law, in line with the unique establishment of the company.
14. Present IQ 2023 BAC meeting timetable for acknowledgement.

In accordance with Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Committee Chairman and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. In accordance with the Committee's amended Terms of Reference, Committee holds at least (6) meetings during the financial year. During 2023, Committee met the minimum required number of meetings (6 meetings).

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

Name	Position
Mr. Abdulaziz Mohammed Al-Mannai	Chairman
Mr. Abdulla Ahmad Al-Hussaini	Member
Mr. Ayoob Olia	Member

All BAC members are IQ Board Directors, with the exception of Mr. Ayoob Olia who served as QatarEnergy's Corporate manager - Internal Audit. Mr. Olia has long and extensive experience that is required to perform his duties and exercise all authorities and powers vested in or possessed by the Committee in an effective manner.

3-9-2 Remuneration Committee

The Company had established a Remuneration Committee pursuant to Board resolution no. 1 of 2018. Committee has been reconstituted pursuant to Board resolution no. 4 of 2022. It currently consists of three members, including a Board Director as Chairman, all of whom have the required experience to efficiently perform their duties and exercise all authorities and powers vested in or exercisable by the Committee. Committee Chairman is not a Chairman of any other Board Committee, and the BAC Chairman is not a member of the Remuneration Committee.

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

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

In 2023, Committee held a meeting on 6th of February 2023, during which it considered several matters and resolved the following:

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

In accordance with Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Chairman of the Committee and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. Committee shall meet as and when necessary. Prior to Board meeting for reviewing the year-end financial statements, Committee shall meet to make recommendation on the proposed remuneration of Board Directors that should be presented to and approved by the Annual General Assembly.

Remuneration of Board of Directors

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

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on the 3rd of March 2022, amended article no. 45 "Remuneration of Directors" of its Articles of Association to read as follows: "The Directors shall be paid such remuneration as may be determined by applicable Law and regulations, subject to approval by a resolution of the General Assembly. Directors may receive a lump sum in the event that the Company does not make any profits, subject to the approval of the Company's General Assembly."

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

Remuneration of senior management

All financial, administrative and head office services are provided by resources from QatarEnergy under a service-level agreement. Accordingly, the salary of the Company's Managing Director, who represents the executive management of Industries Qatar, is determined and approved by the Company's Board of Directors. IQ Managing Director is not entitled to receive remuneration in his capacity.

Committee currently consists of three members. A meeting was held on 6th of February 2023 to consider the proposed remuneration of the Board of Directors for the financial year ended 31st of December 2022. A recommended remuneration of QR 8,750,000 for all Board Directors was presented to and approved by the General Assembly held on 15th of March 2023. As for Board Committees, no remuneration or allowance is paid for membership or attending meetings. The table below shows the current members of the Committee:

Name	Position
Mr. Abdulla Ahmad Al-Hussaini	Chairman
Mr. Abdulrahman Al-Suwaidi	Member
Mr. Abdulla Yaqoob Al-Hay	Member

All Committee members are IQ Board Directors, with the exception of Mr. Al-Hay who serves as Acting Manager of the Privatized Companies Affairs Department, QatarEnergy. Mr. Al-Hay has long and extensive experience required to properly perform his duties and effectively exercise all authorities and powers vested in or exercisable by the Committee.

3-9-3 Nomination Committee

No Nomination Committee was established at the Company level (contrary to Article no. 18 of QFMA Governance Code), as IQ Board of Directors, in accordance with the Company's Articles of Association, consists of eight (8) Directors, seven (7) of whom are appointed by the Special Shareholder, provided that the Chairman and Vice Chairman are amongst them. One (1) Director is appointed by the General Retirement and Social Insurance Authority. The Special Shareholder "QatarEnergy" may appoint seven (7) Directors, given the peculiar nature of the Company's incorporation and activity as noted earlier (item no. 3-1 of this report).

3-10 Assessment of Board Performance

The Board of Directors conducts an annual self-assessment for its performance and all sub-committees performance to ensure that Directors are efficient, honor their commitments, make the most efforts possible and exchange experiences. The assessment takes into account several factors that best serve the long-term interests of the shareholders and meet their expectations as follows:

1. Independence and impartiality in presenting views and ideas while avoiding conflicts of interest.
2. Directors' knowledge and experience that are relevant to the Company's activity.
3. Commitment, participation and team working at the Board and its committees.
4. The role of the Board and the extent to which it achieves the objectives set, including the outcome of the business and the achievement of the Company's strategy.
5. Communication between the Board on the one side and its committees and the executive management of the Company on the other side.
6. Decision-making mechanisms and the accuracy and adequacy of the required information.
7. Providing constructive opinions, suggestions and recommendations and ideas in the best interest of the Company.

The Remuneration Committee, at its first meeting of 2023 held on 6th of February 2023, reviewed the self-assessments of Board Directors for the financial year ended 31st of December 2022. Directors made positive assessments at various levels, such as independence, objectivity, knowledge and experience, teamwork, leadership, goals, contributions, participation and inputs. They also discussed several proposals to enhance Board performance such as the suggestion that a methodology should be developed to discuss and present information related to safety, environmental records and operational excellence as one of the review topics at the company's Board of Directors meetings. Assessment results were then presented to the Company' Board of Directors at its first meeting of 2023 held on 9th of February 2023.

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

During 2023, the Board performed the tasks and dispensed business decisions within its authorities as provided for in the Board Charter. Directors had no grievances or complaints. All proposals were discussed during Board meetings and necessary relevant actions were taken, whether corrective or reinforcing. The Board is satisfied that the Board and the Senior Executive Management have effectively discharged all of their duties and obligations.

4. Company's control system

The primary purpose of internal controls is to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. To achieve this, the Company adopted an internal control system that includes the development of internal controls over financial reporting, policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.

The internal control system is designed and implemented by the Senior Executive Management, overseen by the Audit Committee and the Board of Directors to discuss observations on the internal controls. The Internal Auditor periodically makes and submits reports in this regard.

To ensure that best standards are applied in developing internal control systems and in accordance with the decision of the Board Audit Committee, a benchmarking study of the components of the Company's internal control system against the internationally recognized COSO Internal Control – Integrated Framework (2013) was conducted to adopt COSO Framework as a benchmark. COSO Internal Control – Integrated Framework (2013) consists of inter-related components, including control environment, risk assessment, control activities, information, communications and monitoring.

Internal control is an integral part of IQ's corporate governance, which involves the Board, Board Audit Committee, Senior Executive Management and employees at all organizational levels. It is a process which includes methods and processes to:

1. Safeguard IQ's assets.
2. Ensure the reliability and correctness of financial reporting.
3. Secure compliance with applicable legislation and guidelines.
4. Ensure that objectives are met and continuous improvement of operational efficiency.

The objective for IQ's financial reporting is to be in line with the highest professional standards and to be full, fair, accurate, punctual and understandable.

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

To ensure compliance with the provisions of Article no. 4 of QFMA Governance Code, Industries Qatar should:

1. Establish and maintain adequate and effective internal controls over financial reporting to mitigate the risk of significant misstatements.
2. Evaluate and assess the adequacy and effectiveness of the internal controls over financial reporting to mitigate the risk of significant misstatements.

To achieve this, the Company's internal controls over financial reporting were assessed based on the Company' 2022 standalone financial statements. A top-down approach was used in designing and testing of the Company's framework wherein it begins at the financial statement level and with the understanding of the overall risks to internal controls over financial reporting.

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

This approach directs attention to accounts, disclosures, and assertions that present a reasonable possibility of material misstatement to the financial statements and related disclosures. The next activity involves understanding of the risks in the Company's processes relevant to the identified significant accounts, disclosures and assertions based on risk assessment and testing those controls that sufficiently address the assessed risk of misstatement to each relevant assertion. This process can be detailed as follows:

Risk assessment:

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

Perform walkthrough:

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

These internal controls are grouped as follows:

1. Entity Level Controls (ELCs) – present across the Company and include measures taken by management to equip staff to adequately manage risks through raising awareness, providing appropriate knowledge and tools as well as developing skills.
2. Information Technology General Controls (ITGCs) - The ITGC (applicable IT applications and infrastructure relevant to identified business process) on Company's general IT infrastructure and systems.
3. Business Process Controls - both manual and automated, are embedded in business processes applicable to financial transactions. These controls may change over time due to changes in the Company's business processes.

A walkthrough involves following a transaction from origination through the Company's processes, including information systems, until it is reflected in the Company's financial records, using the same documents and information technology that Company personnel use.

Walkthrough procedures usually include a combination of inquiry, observation, inspection of relevant documentation.

Test of internal controls:

Following the risk assessment and controls identification, a control testing is conducted on each of the identified controls to assess if they are designed adequately and operating effectively. Control testing encompasses three components: test of design effectiveness, test of operating effectiveness, and ongoing monitoring.

Test of Design Effectiveness:

Testing the design effectiveness of controls involves determining whether the Company's controls, if they are operated as prescribed by persons possessing the necessary authority and competence to perform the control effectively, satisfy the Company's control objectives and can effectively prevent or detect errors or fraud that could result in material misstatements in the financial statements. This will conclude if the Company has an adequate system of internal controls over financial reporting.

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

Test of Operating effectiveness

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

Evaluating identified deficiencies:

A 'deficiency' in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Evaluation of the severity of each control deficiency should be made to determine whether the deficiencies, individually or in combination, are significant deficiencies or material weaknesses as of the balance sheet date.

The Company's management recognizes that a significant deficiency or weakness in internal controls over financial reporting increases the possibility that a misstatement in the Company's annual or interim financial statements will not be prevented or detected on a timely basis, which is important enough to merit attention of those charged with management and governance.

A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

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

Remediation Testing:

The Company ensures that any issues or deficiencies either relating to design or operative effectiveness of specific controls are remediated. Once a new control is in place or remediated, it should be given enough time for its operations to validate the control's operating effectiveness. The amount of time that a control should be in place and operating effectively depends on the nature of the control and how frequently it operates.

Based on its assessment of the Company's current internal controls over financial reporting and Testing of Design and Operating Effectiveness, the management believes that the Company has developed an appropriate internal control framework that meets the requirements of the internal control over financial reporting. Moreover, the management considers the developed framework as appropriate to form the basis for compliance with the requirements of Qatar Financial Markets Authority in this regard.

The following are the main elements of the Company's internal control framework:

4-1 Risk management

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

This framework takes into consideration pursuing an integrated process for continuous risk management, starting from risk identification, assessment, measurement, management to monitoring as follows:

- Risk identification and assessment involve identifying and assessing all risks facing the Company. Risks are classified into four main categories: strategic, operational, financial and compliance related. For each risk, there must be measures to address it effectively, as well as a set of indicators to monitor changes in the overall risk structure and landscape. Risks are simulated in several scenarios in order to develop proper remedies and assess their cumulative impact on the performance of the Company.
- Risks are then measured based on the impact and possibility of their occurrence.
- Risks are managed with the possibility that their level is increased, decreased or maintained in a manner consistent with the determined level of risk accepted by the Company. During treatment, the Company takes into consideration that risks have a life cycle, i.e., before, during and after the occurrence. The Company ensures protection, and that regulations, operational procedures and controls are developed in accordance with the best practices to minimize and mitigate related risks.
- Risks are then monitored to ensure that any related problems are quickly identified and properly addressed.

4-2 Audit

4-2-1 Internal Audit

The Company periodically floats a tender for the engagement of an independent consultant to provide internal audit services in accordance with tendering procedures. Offers are received by a formed Tender Committee. After an evaluation of the technical and commercial offers is made, the Tender Committee makes its recommendations to the Board Audit Committee on the selection of the appropriate consultant.

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

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

The appointed Internal Auditor makes risk assessment at the Company, subsidiaries and joint ventures levels, draw up appropriate audit plan, get BAC approval, conduct audit in accordance with the approved audit plan, submit their periodic reports to the BAC and follow up on the implementation of the outstanding observations and related corrective action plans.

The Internal Auditor has access to all business functions and all data are provided as and when requested. The Internal Auditor verifies control systems, financial oversight and risk management, reviews the development of risk factors at the Company and the appropriateness and effectiveness of the applicable systems to address the related risks. The Internal Auditor also verifies the extent to which the Company is committed to applying internal control systems and complying with the relevant laws and regulations, including Company's compliance with the rules and provisions that govern listing and disclosure to the stock market.

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

The internal audit plans, which are based on risk assessment, generally cover areas across group entities, covering main operations (production, maintenance, inventory, industrial control systems, etc.) and support functions (finance and accounts, human resources, information technology, HSE, administration, supply chain, corporate governance, etc.)

4-2-2 External Audit

The External Auditor provides assurance that the financial statements were properly and fairly prepared in accordance with the international accounting and auditing standards. They report on observations made on significant financial issues and implemented financial controls. Taking into account the requirements of article no. 24 of QFMA Governance Code, the scope of work of the External Auditor includes undertaking control works and assessment of the Company performance, especially relating to appropriateness and effectiveness of internal control systems implemented in the Company, including internal controls over financial reporting, the Company's compliance with its Articles of Associations and the provisions of the Law and QFMA's relevant legislations, including the provisions of QFMA Governance Code.

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on the 3rd of March 2022, amended article no. 58 "Auditors" of its Articles of Association to read as follows: "The Auditors of the Company, who shall be a reputable internationally recognized firm of independent accountants registered to do business in the state of Qatar, shall be recommended by the Board and appointed annually for a term of one (1) year by the General Assembly. Auditors may not be appointed for more than three (3) consecutive terms unless otherwise decided by the General Assembly. The Board shall provide the Auditors with all information reasonably required by them to compile their reports within two (2) months of the Company's Financial Year end. The Auditors shall have full access to the Company's books and records. The Auditors shall provide a report on the Company's accounts prior to the relevant meetings of the Board and the General Assembly in accordance with applicable rules and regulations. The Auditors shall attend the Annual General Assembly (to be convened within four (4) months of the Company's year-end), and give their report in relation to the accounts of the Company laid before such Annual General Assembly."

The Board Audit Committee examines and evaluates offers received from external auditors registered in QFMA external auditors' list. Accordingly, the Committee makes its recommendation to the Board on the appointment of the External Auditor. Once approved by the Board, the recommendation shall be included in the agenda of the Company's General Assembly. The General Assembly appoints the External Auditor for one year, renewable for a similar period or other similar periods up to a maximum of five consecutive years, provided that no re-appointment shall be made before two consecutive years are passed.

The agreement between the Company and the External Auditor provides that the External Auditor's employees are required to strictly maintain confidentiality. Under relevant regulations and laws, the External Auditor is prohibited from combining between their assigned business, functions and duties and any other business in the Company, and from working at the Company before at least one year from the date of relations end with such Company.

The Company floated a tender for the appointment of an External Auditor for a period of five years, starting 2019. The recommendation on the proposed appointment by the committee, which is formed in accordance with Company's tendering procedures, is annually presented to the Company's Ordinary General Assembly for approval. In 2023, the Company's General Assembly, at its meeting for 2022 held on 15th of March 2023, approved the appointment of Deloitte Qatar as the Company's External Auditor for 2023 for an annual fee of QR 306,080 inclusive of the external audit work and additional work of ICoFR and corporate governance assessment as instructed by QFMA, as well as the Company's compliance with QFMA Governance Code. This is in addition to additional fees for the year 2022 related to the evaluation of QAFCO and Qatar Vinyl Company and the accounting treatment tasks for the QVC/PVC project, with a total fee of QR 138,320.

Given the expiration of the current contract with the external auditor by the end of the financial year ending on December 31, 2023, the company has issued a tender during the year 2023 to provide external audit services for the company and its group companies. The Committee in its first meeting of 2024, after reviewing the procedures for issuing the tender and conducting the relevant evaluations, approved the appointment of one of the external auditors as the Company's external auditor for a period of five years (subject to the approval of the General Assembly each year) from financial year ending December 31, 2024.

During 2023, the External Auditor attended the meeting of the Company's General Assembly for the financial year ended 31st of December 2022 held on 15th of March 2023, and submitted their independent assurance report on: (a) consolidated financial statements audit, (b) Board of Directors' report on the design, implementation and operating effectiveness of internal control over financial reporting, (c) Board of Directors' report on compliance with the applicable Qatar Financial Markets Authority laws and relevant legislations, including the Governance Code for Companies and Legal Entities Listed on the Main Market.

As for the financial year ended 31st of December 2023, the External Auditor, Deloitte Qatar, will attend the Company's General Assembly meeting for the financial year 2023 to be held on 06th of March 2024, and will submit the independent assurance report to the Company's shareholders on:

- a. Audit of the consolidated financial statements. In their opinion, the External Auditor pointed out that the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').
- b. Board of Directors' Report on the Design, Implementation and Operating Effectiveness of Internal Control over Financial Reporting. In their opinion, the External Auditor pointed out that the Directors' ICFR Report, is fairly stated, in all material respects, based on the criteria established in the COSO Framework, including its conclusion on the effectiveness of design, implementation and operating effectiveness of Internal Control over Financial Reporting as at 31 December 2023. They draw attention to the fact that this assurance report relates to Industries Qatar Q.P.S.C on a stand-alone basis and not to its subsidiaries and operations of Joint Ventures and Associates (the "Group") as a whole, based on the exceptions as provided by the QFMA. The External Auditor's report is not modified in this respect.
- c. Board of Directors' Statements on Compliance with the Qatar Financial Markets Authority relevant Regulations including the Corporate Governance Code "Code" for Companies & Legal Entities Listed on the Main Market as at 31 December 2023. In their opinion, the External Auditor pointed out that, based on their limited assurance procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that the Directors' Statements of Compliance is not compliant with the applicable QFMA regulations as at 31 December 2023.

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

4-3 Compliance

IQ Board of Directors is strongly committed to maintaining full compliance with all applicable regulations, including QFMA requirements for listed companies. The Board makes every effort to ensure that a governance structure based on best practices, standards and regulatory governance requirements is developed and implemented in line with the uniqueness of its establishment.

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

The main responsibility of the Compliance Section is to assist the Board of Directors, Board Audit Committee and the Company's management to comply with governance rules, and to manage and monitor risks by ensuring that relevant policies and procedures are in place to protect the Company, as a listed entity, against exposure to non-compliance risks.

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

As and when the Company is required to update its governance structure due to new changes to corporate governance regulations and leading practices, Compliance Officers are required to prepare and submit proposals on governance changes to the Board for approval.

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

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

At subsidiaries/joint ventures level, which are not the main focus of this report, each and every company of IQ group companies/joint ventures is fully aware of the importance of establishing the principles of good governance, including transparency, accountability and responsibility to support efforts geared towards achieving strategic goals and objectives, financial stability and integrity, and thus enhancing operational excellence.

Each company, in accordance with the agreements under which it was established with other partners, is managed independently by a Board of Directors having the necessary powers to manage and exercise its duties in full accordance with its fiduciary responsibility, ensuring the protection of all shareholders' rights of different classes.

Each company also has its own systems and internal controls, including risk management systems, which are overseen by its Board of Directors, Board committees and other relevant executive committees, such as audit committees, institutional risk management committees, governance and compliance committees, process safety management (PSM) committees, social responsibility committees, health, safety, security and environment (HSSE) committees, tender committees, HR and Qatarization committees, information technology (IT) & cyber security committees and steering committees for projects and major turnarounds, contributing positively to creating a control environment in line with the best standards and practices.

The Company's Board of Directors ensures that the financial and operational performance of its group companies is periodically discussed, and conducts comparative analysis of the external risk factors such as prices and sales volumes etc. In addition, Industries Qatar appoints only qualified and eligible Directors – its representatives to subsidiaries/joint ventures – who are sufficiently experienced to perform their duties effectively in the best interest of the subsidiary/joint venture and dedicated to achieving its goals and objectives. Upon appointment, a Director shall be fully responsible to the group company, in which he holds a seat on its Board, and shall be held accountable for his decisions to Industries Qatar as a shareholder in the meeting of the General Assembly, thereby increasing the level of independence from the appointee and non-interference in the management.

5. Disclosure and Transparency

5-1 Disclosure

The Company complies with disclosure requirements, including A) financial reports and notes thereto as disclosed to the regulators, published in the local newspapers and posted on the Company's website (www.iq.com.qa), B) number of shares owned by the Chairman, Board Directors and members of the Senior Executive Management, and C) major shareholders. The Company also complies with the requirements of disclosing information on the Chairman, Directors, Board Committees, Chairman and Directors' qualifications and experience as noted from their bios, and whether any of them is a member of the Board of Directors of other listed company, a member of its Senior Executive Management or its Board committees.

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

Disclosure is made in accordance with specific procedures approved by the Company's management. These procedures include ways of dealing with rumors by proving false or true, and how to clearly disclose in writing in a manner that is consistent with QFMA relevant legislations.

As part of the Company's dedication to transparency and constructive engagement with the internal and external stakeholders, providing them with informative summaries of its businesses from the perspective of governance, economic, social, and environmental aspects, the Company issues its sustainability reports which summarizes and presents these aspects at a consolidated level for the Group. Through the sustainability report, the Company is provided the opportunity to enlighten its stakeholders about the Group's journey with sustainability, while emphasizing its philosophy on sustainability that is focused on operating at highest standards of safety, preserving the environment, and promoting economic growth with community well-being.

The Board takes appropriate measures to ensure that all disclosures are made in accordance with the instructions and rules of the relevant regulatory authorities, and that accurate and non-misleading information with the required quality and quantity is provided to all shareholders in an equitable manner to enable them to take informed decisions.

5-2 Conflict of Interest

The Company developed a policy on Related Party transactions in its Corporate Governance Framework. This policy takes into consideration the following:

- Review of these transactions, if any, by the Board Audit Committee and the Board of Directors to ensure compliance with relevant regulations.
- Ensure that all transactions with, or for the benefit of, any Related Party are on terms and conditions that are acceptable and within safe and sound practices and fulfil the adequacy condition of the required documents and the appropriate levels of the approving authority.
- Ensure that a transparent process, when applicable, is in place with adequate disclosure of Related Party transactions to shareholders.
- Price in a manner consistent with the recognized market practices, or on an appropriate basis, being arms-length.
- Adequate documentation, and such documentation may take the form of, for example, a services agreement, sale and purchase agreement, loan agreement etc., as appropriate, and that the terms and conditions contained therein are consistent with market practices.

The Board complies with QFMA Governance Code principals for the disclosure of any dealing and transaction the Company enters into with any "Related Party", in which such Related Party has an interest that may conflict with the Company's interest. In all cases, any transaction with Related Parties is disclosed in the notes to the Company's consolidated financial statements, which are published in the local newspapers and posted on the Company's website.

The Company also seeks the approval of the General Assembly before entering into a major deal or transaction, as defined by QFMA, with a Related Party. Such deal or transaction must be put on the agenda of the next General Assembly to complete the requisite procedures for conclusion.

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

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

- Annual expenses paid to QatarEnergy for providing the Company with all financial and head office services under a service-level agreement.
- Income tax amounts received from subsidiaries/joint ventures and other related associates.
- Annual dividends approved by the subsidiaries/joint ventures' General Assemblies.
- Foreign exchange transactions made between Industries Qatar and its subsidiaries/joint ventures/related entities as part of managing cash and working capital needs. These transactions were made at the official exchange rates.
- Remuneration for members of the Board of Directors and senior management.
- Short-term loan provided to Qatar Steel Company.
- Qatar Vinyl Company's investment in the polyvinyl chloride (PVC) project.

5-3 Transparency and upholding the interest of the Company

The Board of Directors recognizes that the risk of conflict of interest may arise from the fact that a Director or a member of the executive management is a "Related Party", or access to Company's information by employees, service providers and any other stakeholder. In order to avoid this, the Company adopted a conflict of interest policy within its Corporate Governance Framework to identify, as far as possible, conflict of interest situations, and to prevent losing objectivity by adhering to the appropriate professional conduct and establishing the principles of transparency, fairness and disclosure.

In accordance with the Company's internal regulations and Conflict of Interest policy, if a Related Party is in a conflict of interest situation, it shall not be entitled to attend the discussion, cast vote, or pass a resolution in this respect.

In general, a Related Party shall avoid any situation that may involve or result in actual or potential conflict of interest. In all cases, all related decisions must serve the interests of the Company.

Moreover, Directors and employees / service providers understand that all information related to Industries Qatar, its subsidiaries/joint ventures and customers is confidential for internal purposes only. Using this information for personal, family or any other purpose is considered unethical and illegal conduct.

5-4 Disclosure of share trading

The Company adopted procedures and rules that govern insider trading. These procedures and rules take into account the definition of the insider, whether permanently due to holding a position in the Company, or temporarily as a result of carrying out specific tasks for the Company. This insider has access to material information about the Company that could have a positive or negative impact on the investment decisions that can be taken by those who trade Company's share at Qatar Stock Exchange.

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

In general, insiders are not allowed to benefit directly or indirectly from the use of inside information that has not yet been disclosed. Trading Company's shares on the basis of inside information, regardless of trade size, is a serious violation of the Company's ethical standards and policies. In addition, the insider may not assist others to trade the Company's shares by improperly disclosing inside information.

6. Stakeholder rights

6-1 Equal rights of shareholders

Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the Law, regulations and relevant decisions.

The Company's Articles of Associations and internal regulations provide for the procedures and guarantees needed for all shareholders to exercise their rights, particularly the rights to receive the determined dividends, attend the General Assembly and participate in its deliberations and vote on decisions, as well as the right to access information and request it with no harm to the Company's interests.

As approved by the Extraordinary General Assembly held on 4th of March 2018, the Company amended its Articles of Association by adding a provision on shareholder's right to sell shares as follows:

"Should a Shareholder or a group of shareholders reach an agreement to sell Shares in the Company equal to or exceeding fifty percent (50%) of the Company's market capitalization, such agreement shall not be enforceable unless an offer is extended to the remaining shareholders to exercise, at such shareholders' discretion, their Tag-Along Right."

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on the 3rd of March 2022, amended article no. 13 "Rights Attaching to Shares" of its Articles of Association to read as follows: "Shareholders holding shares of the same class are equal and have all the rights, privileges and restrictions arising from share ownership. Each Share shall, except the Special Share, give its holder equal rights in the Company's assets and Shareholder distributions as well as rights to vote on a one-share- one-vote basis. The rights of the holders of Shares (other than the Special Share) are subject to the rights of the holder of the Special Share as set out in these Articles."

6-2 Register of shareholders

The register of shareholders is managed in accordance with QE applicable rules and procedures. The register of shareholders is kept and updated by Edaa. Under the agreement between Industries Qatar and Edaa, the latter undertakes the tasks of registering, maintaining and depositing of securities, clearing and settlement, entering dealings in securities, whether purchase, sale, transfer of ownership, registration or pledging in the respective registers.

6-3 Shareholder rights to access information

The Company's Articles of Association and internal regulations provide for the procedures to be followed by shareholders for accessing information allowed to be disclosed to enable them to exercise their full rights without prejudice to other shareholders' rights or adversely affect the interests of the Company.

The Board of Directors and the Company's employees are making continuous efforts to establish constructive relationship and maintain communication with shareholders and investors so that they can make sound investment decisions by:

- a. Ensuring fair and transparent disclosure of the Company's information both in quality and quantity in accordance with applicable laws and regulations.
- b. Publishing a quarterly analytical report that includes details and analysis of the Company's financial and operational performance.
- c. Publishing a presentation and holding a quarterly virtual earning call.
- d. Dedicating a professional team to meet shareholders and discuss their inquiries regarding the company's financial and operating performance.
- e. Attending events and conferences.
- f. Updating the Company's website (www.iq.com.qa) in line with the modern display techniques to better serve the shareholders of the Company and all related parties. The website contains a dedicated section for investor relations through which all information subject to regular and immediate release, including, financial reports, press releases and corporate governance reports and their requirements.
- g. Making and maintaining strong partnerships with newspapers and other media.

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

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

Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on the 3rd of March 2022, amended article no. 61 "Access to Books of Account" of its Articles of Association to read as follows: "The books of account of the Company shall be kept at its head office. Subject to such confidentiality and such other restrictions as the Board may from time to time agree, the Shareholders and their respective auditors and the Directors shall have full access to such books of account and all information that enable them to exercise their full rights without prejudice to other shareholders' rights or harm the Company's interest, provided; however, that prior to undertaking any review of the Company's books or records, the Shareholders shall first use their best efforts to obtain the information sought to be obtained from such review by making inquiry of the Company's Auditors."

6-4 Shareholder rights to General Assembly

6-4-1 Attendance and invitation

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

As part of its efforts to be in compliance with the provisions of the Commercial Companies Law as amended by Law no. 8 of 2021, Industries Qatar, taking into account the instructions made by QFMA on regulating shareholders' rights to the Company's General Assembly meeting held on the 3rd of March 2022, amended the following articles of its Articles of Association:

- a. Article no. 47 "Annual General Assembly" now reads as follows: "A General Assembly shall be convened by the Board and held at least once every year (at a date and venue determined by the Board and notified to the Ministry of Commerce & Industry), within four (4) months of the end of the Financial Year ("Annual General Assembly"). The procedures to be followed for convening and conducting each Annual General Assembly shall be those set forth in these Articles.
- b. Article no. 49 "Place of General Assembly Meetings" now reads as follows: "All meetings of the General Assembly shall be held in Qatar. The meetings of the General Assembly may be held by means of modern technology in accordance with the controls set by the Ministry of Commerce and Industry."
- c. Article no. 50 "Notice of General Assembly" now reads as follows: "A General Assembly shall be convened by a notice from (and shall be chaired by) the Chairman or, in his absence, the Deputy Chairman (if any) or such other Director as may have been authorised to do so by the Chairman. A notice to attend the meeting of the General Assembly shall be electronically made to all shareholders on the websites of Qatar Exchange and the Company and shall be published in a Qatari daily newspaper published in Arabic or otherwise by any other means of notification before not less than twenty-one (21) days prior to the proposed date of the General Assembly."
- d. Article no. 51 "Requisition of General assembly" now reads as follows: "A Shareholder or Shareholders together holding at least (10%) of the Company's share capital may require that a General Assembly be convened. Shareholders representing at least (25%) of the Company's share capital may require that an Extraordinary General Assembly be convened in accordance with the provisions of the Law and the regulations in this regard."
- e. Article no. 53 "Right to Attend and Vote" now reads as follows: "Each Shareholder (including minors and interdicted persons), whose name is entered in the Shareholders Register at the end of trading session on the day on which the General Assembly is convened and who is present in person or duly represented by proxy, shall be entitled to attend the General Assembly, participate in deliberations and raise questions to Directors who shall respond to the questions to the extent that this does not harm the interest of the Company. A shareholder may refer to the General Assembly if they believe the response to their question is not sufficient. Shareholder shall have the right to vote on such matters on the meeting agenda. Such Shareholder shall have one vote for each Share held."

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

6-4-2 Effective Participation

The Company saves no effort to ensure that shareholders have the opportunity to participate effectively, vote in General Assembly meetings and be well informed of the rules, including voting procedures, which govern general shareholder meetings. In achieving this, the Company:

- Provides the shareholders with sufficient information in quality and quantity on the date, location and agenda of the general meetings, as well as complete and timely information regarding the matters to be discussed at the meeting to enable them to make a decision. This is achieved through announcing the meeting agenda in the local newspapers and posting it on the Company's own website. It also communicates the agenda to Qatar Stock Exchange for announcement on its website.
- Enables shareholders to directly pose questions to the Board Directors, place items (if any) on the agenda of the meeting, and to propose or object to resolutions, subject to the procedures established by law and applicable regulations in this regard.
- Provides a mechanism through which shareholders can attend and vote in person or in proxy. Equal effect should be given to votes whether cast in person or in proxy.

In accordance with the Company's Articles of Association, shareholder may object to any resolution deemed for the interest or harm of a certain group of shareholders; or brings personal benefits for Directors or others without regard to the Company's interests. Shareholder is entitled to enter such objection into the record of the meeting and to invalidate the objected resolution without prejudice to the provisions of the Articles of Association in this regard.

As for the financial year ended 31st of December 2022, the Company's Ordinary and Extraordinary General Assembly meetings were held on 15th of March 2023.

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

1. Listen to Chairman's message for the financial year ended 31st of December 2023.
2. Listen and approve Board of Directors' Report on IQ's operations and financial performance for the financial year ended 31st of December 2023.
3. Listen and approve External Auditor's Report on IQ's consolidated financial statements for the financial year ended 31st of December 2023.
4. Approve IQ' consolidated financial statements for the financial year ended 31st of December 2023.
5. Approve 2023 Corporate Governance Report.
6. Approve Board recommendation for a dividend of QR 0.78 per share for 2023, representing 78% of the nominal share value.
7. Absolve the Directors of the Board from liability for the financial year ended 31st of December 2023 and approve their remuneration with a total of QR 8,750,000 for all Directors.
8. Appoint KPMG as the Company's External Auditor for the financial year ending 31st of December 2024 and approve their fees.

6-4-3 Election of Board Directors

IQ Board of Directors, in accordance with the Company's amended Articles of Association, consists of eight (8) Directors, seven (7) of whom are appointed by the Special Shareholder, provided that the Chairman and Vice Chairman are amongst them. One (1) Director is appointed by the General Retirement and Social Insurance Authority. Accordingly, the Company's AoA make no explicit provisions on the election of Directors and the procedures for nomination, disclosure of candidates, voting and appointment.

The aforementioned composition of IQ Board of Directors is in accordance with the resolutions of the Company's Extraordinary General Assembly meeting held on 13th of September 2020 and came into effect as from the new term of office that commenced on 1st of March 2021, the date on which the General Assembly held its meeting to approve the financial statements for the financial year ended 31st of December 2020.

QatarEnergy appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. QatarEnergy makes timely disclosure of any and all decisions on the composition of the Board of Directors or any change thereto.

6-4-4 Dividend distribution

In accordance with the provisions of the Company's Articles of Association amended by the resolution of the Extraordinary General Assembly held on 28th of February 2017 and pursuant to the resolution of the Extraordinary General Assembly held on 4th of March 2018 and without prejudice to the Company's ability to fulfill its obligations towards third parties and pursuant to a resolution by the General Assembly, dividends of not less than five (5) percent of the net profits of the Company after deducting legal deductions shall be distributed to registered shareholders at the end of trading session on the day on which the General Assembly is convened, provided that dividends shall not exceed the amount recommended by the Board.

The main lines of the dividend distribution policy included in the Company's Corporate Governance Framework are explained in the attachments to the meeting agenda of the Company's General Assembly. In general, the dividend policy requires the Company to balance shareholders' expectations with its operational and investment needs. This is achieved through investigating the following factors before a recommendation on the dividend distribution could be presented to the General Assembly:

- Cash flow constraints: It is not obligatory on IQ to distribute full profit to the shareholders. IQ shall keep sufficient cash for its operational requirements before dividend distribution.
- Lenders Constraints: IQ shall satisfy the financial requirement of lenders, if any.
- Legal constraints: Any legal reserves shall be reserved before distributing the dividend.
- Future investment plan: IQ investment plans shall be considered and sufficient cash shall be retained before dividend distribution unless it has been decided to fund the investment through additional share capital or bank financing.

The proposed annual dividend is subject to the final approval of the General Assembly. The Company, through its agreement with a local bank, Qatar National Bank, makes it easier for the entitled shareholders to claim their dividends for the year or previous years by making transfers to the accounts of the shareholders who provided their bank account details to Edaa or submitted a request for transferring their dividends to any QNB branch. The Company's website is updated with the required documents and all related details to claim dividends.

However, according to the new dividend distribution regulations for the listed companies issued by the decision of the Board of Directors of the Qatar Financial Markets Authority No. (7) for the year 2023, Edaa is mandated to undertake the distribution of cash dividends and bonus shares determined to be distributed to shareholders by the General Assembly or by the Board of Directors, in accordance with these regulations, on behalf of all companies.

As for the resolution of the Company's General Assembly passed in 2023 for the financial year ended 31st of December 2022, the Assembly approved Board recommendation for a dividend of QR 1.1 per share for 2022, representing 110% of the nominal share value.

As for the financial year ended 31st of December 2023, the Board of Directors' recommendation for a dividend payment of QR0.78 per share for 2023, representing 78% of the nominal value of share will be presented at the Company's General Assembly meeting that will be held on 06th of March 2024.

6-5 Conducting Major Transactions

The Company is committed to treat all shareholders equitably. Shareholders of each class of shares are equal and have all the rights arising from the share ownership in accordance with the provisions of the relevant law, regulations and decisions. The Company ensures that minority shareholders are protected against abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

Therefore, the Company ensures that all shareholders are equitably treated at the General Assembly meeting, and that voting process is facilitated without prejudice to the provisions of its AoA.

In accordance with the Company's Articles of Associations, shareholders in general and Minorities in particular may, in the event that the Company conducts Major Transactions that might harm their interests or prejudice the ownership of the Company's share capital, object and enter such objection into the record of the meeting and to invalidate the objected transaction without prejudice to the provisions of the Articles in this regard.

The Company's capital structure is disclosed in the financial statements and herein. Additionally, Qatar Stock Exchange discloses the Company's major shareholders on its website.

With the exception of some selected entities identified in the Company's Articles of Association, no person or entity, shall hold either directly or indirectly (or be beneficially entitled to) shares of a nominal value exceeding 2% of the Company's share capital. The maximum ownership of the company's share capital is 2%. Edaa, the entity entrusted with managing the register of the Company's shareholders, ensures that this maximum ownership limit is maintained.

Industries Qatar, based on the approval of the Company's Extraordinary General Assembly meeting held on 3rd of March 2022, amended article no. 20 "Restrictions on shareholding" of its Articles of Association to read as follows: "The Board of Directors may, by a Board resolution considering applicable rules and regulations, determine the ownership percentage of non-Qatari shareholders up to one hundred percent (100%) of the shares listed on Qatar Stock Exchange or on any regulated stock market."

Accordingly, a decision was made by the Company's Board of Directors at its meeting held in April 2022 to increase the ownership limit for non-Qatari shareholders to 100%. All necessary measures were then taken in this regard with the relevant authorities. Pursuant to a decision made by the Council of Ministers in its meeting held on 12 October 2022, it was approved to increase the percentage of ownership of a non-Qatari investor in the Company's capital up to 100%.

Details of shareholdings in IQ's share capital could be obtained from Qatar Central Securities Depository based on the register of shareholders. Details of major shareholdings as of 31st of December 2023 are as follows:

Shareholder	Approximate Percentage of Shares (%)
QatarEnergy	51.00%
Pension Fund - General Retirement and Social Insurance Authority	16.15%
Military Pension Fund	5.02%
Qatar Investment Authority	1.58%
Qatar Electricity and Water Company	1.06%
Other Shareholders	25.19%
Total	100%

IQ relies on Edaa to obtain valid up-to-date record of shareholdings. As per the information obtained from Edaa as at 31st of December 2023, no shareholder has exceeded the limit specified in the Company's Articles of Association, except as expressly provided therein.

6-6 Stakeholder rights (non-shareholders)

IQ safeguards and ensures respect for the rights of the Company's stakeholders in accordance with QFMA Code. Each stakeholder may request the information related to his interest upon submitting a proof of identity. The Company is committed to provide the requested information in a timely manner and in a way that does not threaten others' interests or prejudice its interests.

A whistleblowing policy and related procedures were adopted within the Company's Corporate Governance Framework to disclose any wrongdoing that may adversely impact the Company, its customers, shareholders, employees or the public at large. Under the policy, IQ assigns a member of the Board Audit Committee to address whistleblowing concerns. The assigned Committee member ensures that issues raised through whistleblowing are raised and reported to the Board Audit Committee according to the materiality of the issue.

A whistleblowing hotline (+974) 4013-2801 was established and provided on the Company's website (www.iq.com.qa) to report malpractice, unlawful or unethical behaviour.

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

Industries Qatar recognizes that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. IQ will not tolerate harassment or victimization and will take action to protect the whistle-blower that raises a concern in good faith.

6-7 Community right

Industries Qatar and its group companies are firmly committed to be exemplary in contributing to our community and engaging in its development. The Company, as one of the largest industrial conglomerates in the region and listed on Qatar Stock Exchange, works towards achieving economic and operational integration among its group companies in support of the State's strategy of national economic development. Through its group companies/joint ventures, IQ contributes significantly to the comprehensive economic development, social welfare, environmental protection, job creation. The Company continues its efforts towards raising public awareness on matters that it considers not only important for the sustainable future of the country, but also aligned with IQ values by taking initiatives in areas such as:

1. Health, Safety and Environment: Establish and promote safety culture and measures, manage and assess HSE related risks, analyze operational risks, emergency preparedness, occupational health, pre-employment health assessments, routine health surveillance, HSE training, operational excellence, energy efficiency, environment management and environmental compliance by taking steps to reduce emissions, water management and recycling, waste management, recycling and disposal, and continuous investment in environmental projects to rationalize and make efficient use of the natural resources and minimize environmental impact.
2. People: Qatarization programs in line with QNV 2030 laying emphasis on the attraction and development of aspiring nationals (partnership with educational institutions, internships, career fairs), diversified workforce, employee retention, training and development, promoting health and fitness and sports activities etc., and
3. Community: Support local procurement and country's economic development through participation in QatarEnergy's localization strategy (Tawteen) program initiated with the objective to maximize the sustainable in-country value creation, upskill local talent, develop local suppliers and contractors and promote in-country private investment (approximately 54% of the total spending on procurements by group companies went for local procurement during 2022). In addition to community awareness activities such as fitness campaigns, donations, partnerships with non-profit and charitable societies, educational institutions, blood donation campaigns and tree plantation activities etc.

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

The group ensures that stakeholders' needs are fulfilled and continuously strives to enhance its systems to create value for its people, community, and the environment. With the application of many standards in pursuit of a sustainable future, the Group made many achievements during 2022. IQ had announced in 2022 that its wholly owned subsidiary QAFCO has awarded a contract to build world-scale Blue Ammonia plant in Qatar, scheduled to be fully operational by 2026 with a design capacity upto 1.2 million tons per annum (MTPA) of Blue Ammonia. Investment in this project speaks to the concrete steps taken to lower the carbon intensity of our products and a key pillar of our sustainability strategy. The group further continues to progress in various other environmental projects planned to optimize and efficiently use the natural resources and to reduce the generation of emissions, effluents, and waste which include recycling of process wastewater by setting up effluent treatment plants, zero/near zero liquid discharge projects, carbon dioxide recovery, reduction of nitrogen oxide emissions, waste recycling measures etc., The Group is also committed to enhance the culture of safety and well-being of its employees and contractors, while maintaining efficiency and reliability of its operations and therefore prioritizes the same through proactive risk management and constant improvement of practices to maintain a safe and healthy workplace. On social front, the Group supports local communities and programs in line with its own program of social responsibility.

QatarEnergy, the founder and special shareholder, ensures, through the technical and head office support provided to IQ and its group companies/joint ventures, that only appropriate investment opportunities which could add financial, economic, social and environmental value are explored in support of the country's pursuit of economic diversification.

The Social and Sport Contribution Fund

Pursuant to Law no. 13 of 2008 as amended by Law no. 8 of 2011, a 2.5% of the Company's annual net profit is allocated to support sports, cultural, social and charitable activities. For the financial year ended 31st of December 2022, the 2.5% amounted to QR 210.76 million (2021: QR 199 million). The deducted amounts were credited in full to the account of the General Tax Authority on 17th of April 2023.

For the financial year ended 31st of December 2023, the Company allocated QR 108.84 million, representing 2.5% of its net profits, to support these activities.

Conclusion

Through its Board of Directors, Industries Qatar is committed to implementing corporate governance principles and best practices, maintaining by-laws and internal procedures to achieve the highest levels of governance and create anticipatory (proactive) compliance environment aimed at safeguarding its assets and capital, protecting the interests of its customers and shareholders and preserving the Company's integrity and image.

The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate during 2023 as set out in its Charter and relevant legislation. The Board exercises due care and diligence in managing the Company in an effective and productive manner to achieve the interest of the Company, all shareholders and stakeholders in a balanced manner.

Saad Sherida Al-Kaabi

Minister of State for Energy Affairs,
Chairman and Managing Director

Appendix Bios of Board Directors



His Excellency Engineer Mr. Saad Sherida Al-Kaabi

Chairman and Managing Director

Qualifications and Experience:

Mr. Saad Sherida Al-Kaabi joined QatarEnergy in 1986 as a student studying Petroleum & Natural Gas Engineering at Pennsylvania State University in the USA, from which he graduated in 1991 with a Bachelor of Science degree in Petroleum & Natural Gas Engineering.

In 2006, he was appointed as the Director of QatarEnergy's Oil & Gas Ventures Directorate, where he was overseeing all of Qatar's oil and gas fields' developments as well as all the exploration activities in Qatar.

In September 2014, Mr. Al-Kaabi was appointed as QatarEnergy's President and Chief Executive Officer, where he oversaw QatarEnergy's gas, oil and petrochemical developments in Qatar and internationally.

On November 4, 2018, His Excellency Mr. Saad Sherida Al-Kaabi was appointed Minister of State for Energy Affairs and Cabinet member of the State of Qatar, and Deputy Chairman of QatarEnergy, in addition to his position as President & CEO.

Other positions*:

Chairman, Qatar Electricity & Water Co.

Number of shares in IQ:

Nil



Mr. Abdulaziz Mohammed Al-Mannai

Vice Chairman

Chairman of the Board Audit Committee

Non-Executive member / Non-Independent

Qualifications and Experience:

Mr. Al-Mannai holds the position of Executive Vice President – Human Capital at QatarEnergy since 2014. He is also a board member of Mesaieed Petrochemical Holding Company, and QatarEnergy LNG. His current role in QatarEnergy focuses on all People-related aspects, in addition to providing oversight over Information Technology.

He graduated as an Aeronautical Engineer and prior to joining QatarEnergy, Mr. Al-Mannai worked for QatarEnergy LNG as Human Resources Manager for 5 years and filled various leadership roles in the LNG expansion projects. During his time at QatarEnergy LNG, he also represented the industry and Qatar as a member and Vice Chairman of the International Gas Union (IGU) Human Capital Development Committee between 2011 and 2014. He was also a member of a number of working committees and groups locally and internationally that focused on Human Capital Development in the Oil and Gas sector.

Other positions*:

MPHC Board Director

Number of shares in IQ:

Nil



Mr. Abdulla Ahmad Al-Hussaini

Member of the Board Audit Committee

Chairman of the Remuneration Committee

Non-Executive member / Non-Independent

Qualifications and Experience:

Mr. Abdulla A. Al-Hussaini is currently QatarEnergy Executive VP, Marketing. He is responsible for the marketing, trading and shipping of crudes, refined products, petrochemicals, fertilizers and LNG trading.

Prior to joining QatarEnergy in 2016, he worked for QatarEnergy LNG (formerly known as Qatargas) where he held several LNG Marketing roles, including the Marketing Director from 2011 to 2016.

In addition to his current role, Mr. Al-Hussaini is the Chairman of the Board of Directors for QatarEnergy Trading. He is also a director in the boards of Qatar Petroleum for the Sale of Petroleum Products (QPSPP) and Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat), in addition to his membership in the Board of Directors of Industries Qatar.

Mr. Al-Hussaini is also a representative of QatarEnergy on the Board of Directors of the Gulf Petrochemical and Chemical Association (GPCA).

Mr. Al-Hussaini earned his bachelor's degree in Business Studies from the University of Texas, Arlington in 2004.

Other positions*:

Nil

Number of shares in IQ:

Nil



Dr. Mohammed Yousef Al-Mulla

Non-Executive member / Non-Independent

Qualifications and Experience:

Dr. Mohammed Yousef Al-Mulla graduated with a Bachelor's Degree in Electrical Engineering from Pennsylvania State University, United States, in 1988. He earned a Master's degree in Business Administration in 1997 and a Ph. D. in Engineering in 2007 from Leicester University in the United Kingdom.

Dr. Al-Mulla joined QAPCO in 1988 and held many strategic positions. He was appointed CEO in 2007. Under his leadership, the company achieved major milestones in the fields of production, Qatarization process, sustainable development and research, propelling QAPCO from a local petrochemical producer to a leading petrochemical powerhouse recognized in global markets.

Other positions*:

Nil

Number of shares in IQ:

Nil



Mr. Abdulrahman Al-Suwaidi

Non-Executive member / Non-Independent

Qualifications and Experience:

Mr. Abdulrahman M. Al-Suwaidi holds a Bachelors' degree in Chemistry from Qatar University and a Higher National Diploma in Mechanical Engineering from Bradford University in England.

Mr. Al-Suwaidi has been the Managing Director and CEO of Qatar Fertiliser Company (QAFCO) since joining in 2016. Prior to QAFCO, Mr. Al-Suwaidi was with ORYX GTL, operating the world's largest LTFT GTL plant, from 2007 until 2016. He joined ORYX GTL as the Deputy General Manager seconded from QatarEnergy and was appointed CEO in 2009. Mr. Al-Suwaidi started his career with QatarEnergy in 1987 and held a variety of technical and operational posts in QatarEnergy's onshore operations. Between 1998 and 2007, Mr. Al-Suwaidi held two managerial positions responsible for QatarEnergy's gas processing & gas distribution facilities in Mesaieed and subsequently gas production and reinjection facilities located offshore and in Dukhan. His responsibilities during this period included production and maintenance operations, inspection and engineering.

Mr. Al-Suwaidi also serves as the Chairman of Qatar Chemical Group Companies Ltd. and a member of QAFCO Board of Directors.

He is also a member of the Board of Directors of the Gulf Petrochemicals and Chemicals Association (GPCA) and Chairman of the Agricultural Nutrients Committee at GPCA.

Other positions*:

Nil

Number of shares in IQ:

Nil



Mr. Ahmed Abdulqader Al-Ahmed

Non-Executive member / Non-Independent

Qualifications and Experience:

Ahmed Abdulqader Al-Ahmed has recently been appointed as the CEO and Board Director of Qatar Fuel Additives Company (QAFAC). Holding a B. Sc. in Petroleum Engineering (with Honors) from King Fahad University of Petroleum and Minerals, Saudi Arabia. He has more than 30 years of diversified experience in the oil and gas industry including exploration, field development, project management, strategic planning, downstream industries, and E&P investment and acquisition

He joined QatarEnergy in 1992, during his time, he had undertaken a range of key positions in QatarEnergy and its subsidiaries. He oversaw surveillance and well operations of QatarEnergy's offshore-operated fields. He was then assigned as Deputy General Manager in Occidental Petroleum of Qatar Ltd (OPQL) before leading the Upstream International growth activities with Qatar Petroleum International (QPI). Then, and after QatarEnergy/QPI integration, Ahmed returned to QatarEnergy in 2015 to lead/manage existing QatarEnergy's International Upstream assets/ventures and continued to build the international upstream portfolio through organic/inorganic growth as well as leading the Domestic Exploration projects.

Other positions*:

Nil

Number of shares in IQ:

89823



Mr. Abdulrahman Ali Al-Abdulla

Non-Executive member / Non-Independent

Qualifications and Experience:

Mr. Abdulrahman Ali A Al-Abdulla graduated with Bachelor's Degree in Science and Business Administration (major in Marketing) from University of Denver Colorado, USA.

He started his career with QatarEnergy in 1992. Mr. Al-Abdulla multiple roles in various organizations at varying levels has given him invaluable direction to spearhead business.

He is currently working as Managing Director and CEO of Qatar Steel Company since January, 2021. Mr. Al-Abdulla brings a wealth of experience, cumulated over thirty (30) years of services fully dedicated in QatarEnergy and its affiliated companies.

Consistent with his social responsibility and commitment toward the community in Qatar, he is serving as Board member of Qatar Academy (Al-Wakra).

He actively contributes as a member of various committees within the Gulf Petrochemical and Chemical Association (GPCA), Arab Iron Steel Union and World Steel Association.

Other positions*:

Nil

Number of shares in IQ:

Nil



H.E. Ahmed Bin Ali Al-Hammadi

Non-Executive member / Non-Independent, representing General Retirement and Social Insurance Authority

Qualifications and Experience:

H.E Ahmed Ali Al-Hammadi, is the Director General of the General Retirement and Social Insurance Authority.

Mr. Al-Hammadi has held various high-ranking positions, he was previously the Chief Investment Officer for Europe, Russia and Türkiye at the Qatar Investment Authority managing the European portfolio across various sectors.

Mr. Al-Hammadi has a diverse background and extensive experience in business and finance. He worked at EFG-Hermes managing regional equities before joining the QIA, and garnered valuable experience at consulting firm Booz & Co. (now Strategy& advising financial services clients on strategy, private equity investment opportunities, and organization structures.

Ahmed also sits on the boards of Heathrow Airport, SoFi, Borsa Istanbul and Dream International. On a local level, he plays a role as the Chairman of UDC, and Vice-Chairman of QEWC. He was named a Young Global Leader by the World Economic Forum in 2019. Ahmed Al-Hammadi is a graduate of the Wharton School at the University of Pennsylvania and has obtained his MBA from the Harvard Business School.

Number of shares in IQ:

Nil

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



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