



صناعات قطر  
Industries Qatar

# ANNUAL REPORT

صناعات قطر  
Industries Qatar

2018



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Industries Qatar



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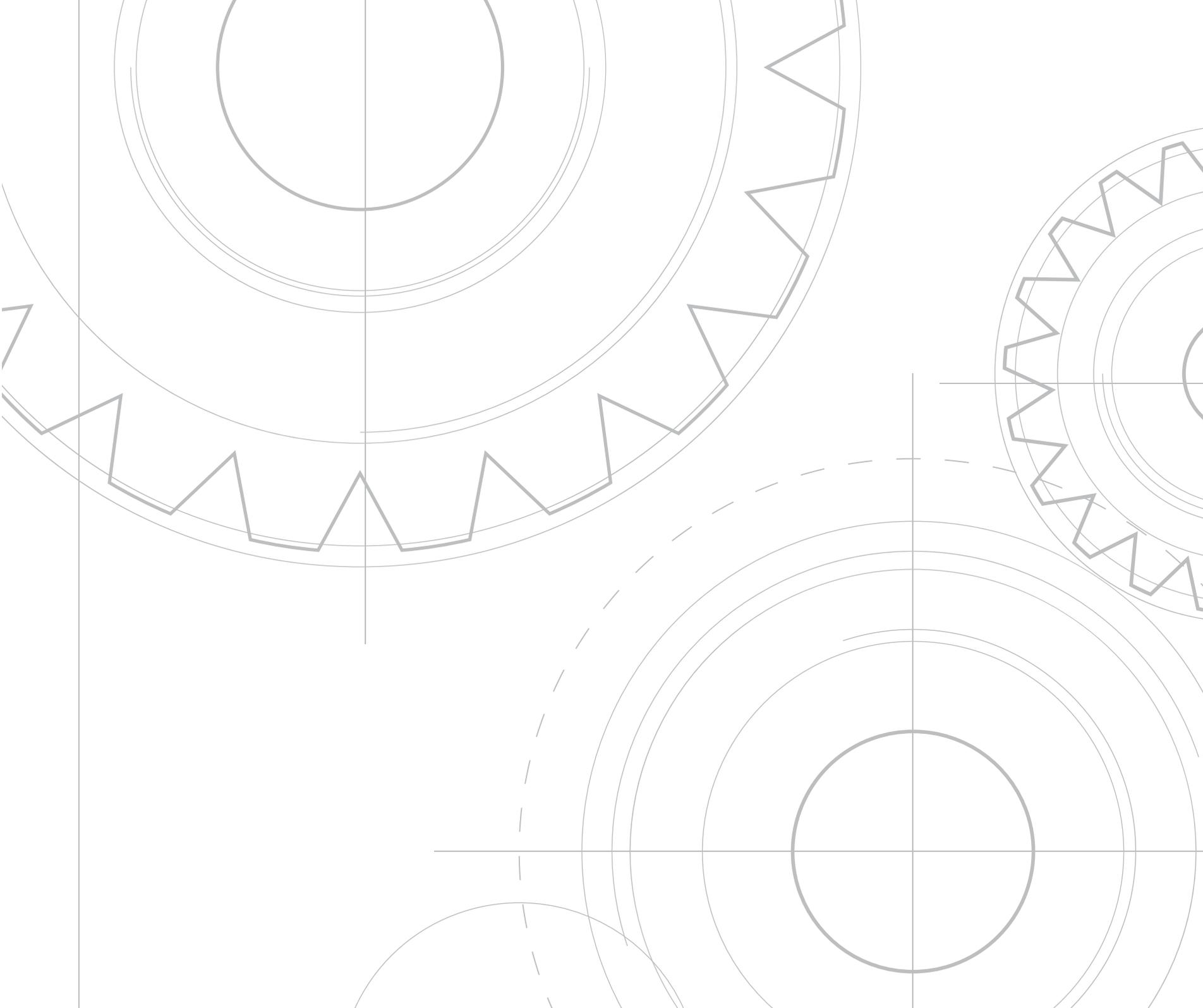
His Highness  
Sheikh Tamim bin Hamad Al Thani  
The Amir of the State of Qatar

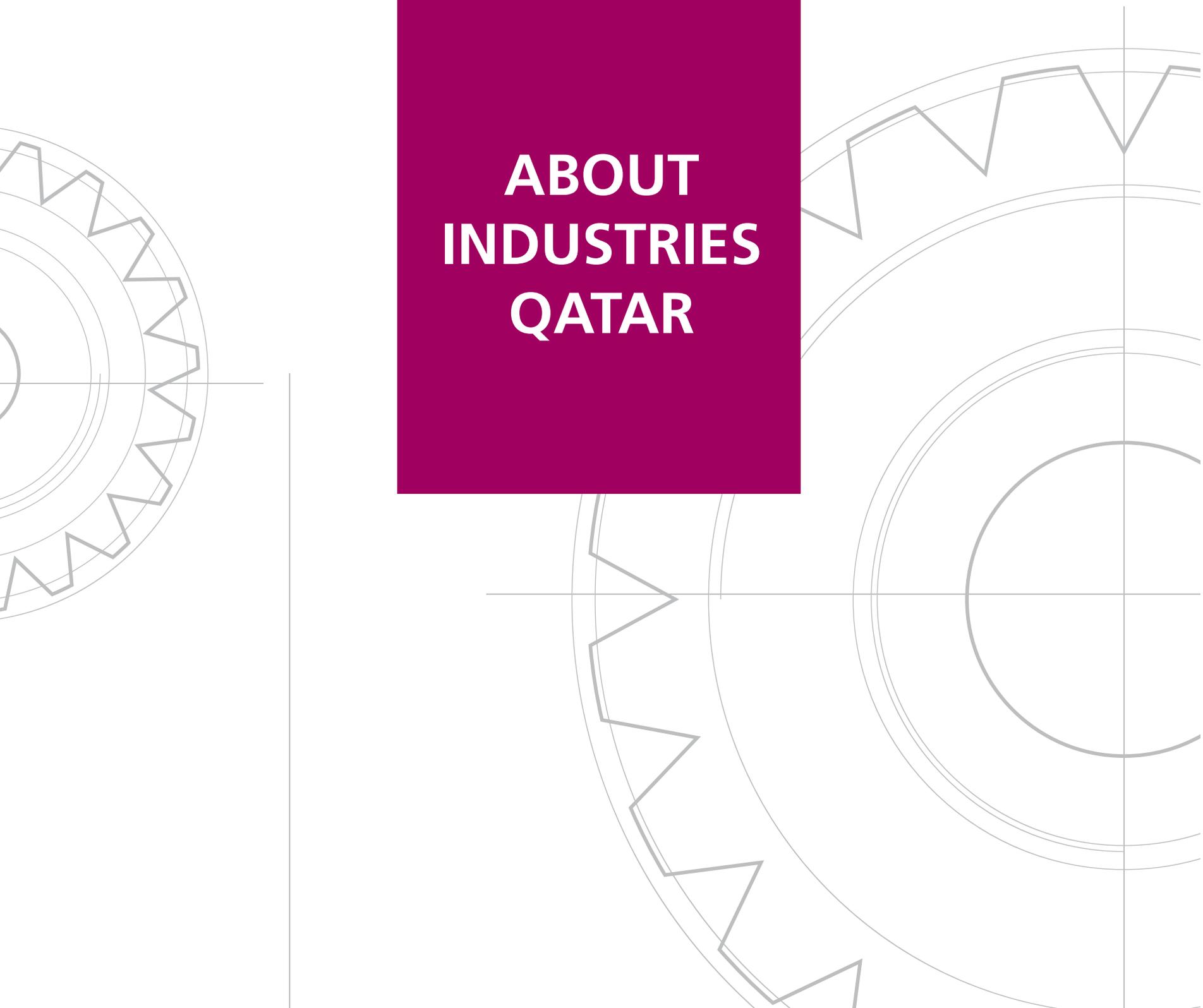




His Highness

Sheikh Hamad bin Khalifa Al Thani  
The Father Amir





**ABOUT  
INDUSTRIES  
QATAR**

# ABOUT INDUSTRIES QATAR

Industries Qatar Q.P.S.C. (IQ) was incorporated as a Qatari joint stock company on April 19, 2003. The registered office is located at P.O. Box 3212, Doha, State of Qatar. Through the group companies, IQ operates in 3 distinct segments: petrochemicals, fertiliser and steel. With effect from November 4, 2012, a wholly owned company of the government of the State of Qatar, Qatar Chemical and Petrochemical Marketing and Distribution Company Q.P.J.S.C. (trading as "Muntajat"), assumed the exclusive rights to purchase, market, distribute and sell the State of Qatar's production of chemical and petrochemical regulated products to the global market. Accordingly, Industries Qatar's activities related to the marketing, distribution and selling of all of the group's products were migrated to Muntajat.

## Head Office Functions & Management Structure

Qatar Petroleum, the largest shareholder, provides all of the head office functions for IQ through a comprehensive services agreement. The operations of the subsidiary and joint ventures remain independently managed by their respective Boards of Directors and senior management teams.

## PETROCHEMICALS

### Qatar Petrochemical Company Limited Q.S.P.C. ("QAPCO")

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

QAPCO together with its joint venture entities is engaged in the production of poly-olefins, poly-ethylene and chlor-alkali products. The current group share of QAPCO's normalized production and saleable capacities<sup>1</sup> (in MT'000/PA) of key products are:

Product	Production	Sales
Ethylene	1,150	140
LDPE	750	750
LLDPE	350	350
EDC / VCM	170	169
Caustic Soda	118	117

<sup>1</sup> Production and saleable capacities are subject to change due to capacity improvements and internal consumptions of intermediate products.

## 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 the 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.

### 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 by-product 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.

## Qatar Fuel Additives Company Limited Q.S.P.C. (“QAFAC”)

Incorporated in 1991 as a joint venture, the company 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 (MTBE).

The current group share of QAFAC’s normalized production and saleable capacities (in MT’000/PA) of key products are:

Product	Production	Sales
Methanol	500	390
MTBE	305	305

## Key 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 manufacturing 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 the tail gas pollution generated by motor vehicles, whilst eliminating the need for tetra-ethyl-lead blending.

## FERTILISER

### Qatar Fertiliser Company Q.S.C.C. ("QAFCO")

Incorporated in 1969 as a joint venture, the company is currently owned by IQ (75%), and Yara Netherland B.V. (25%). QAFCO has two subsidiaries, namely Gulf Formaldehyde Company S.A.Q. and Qatar Melamine Company Q.S.C.C.

QAFCO together with its subsidiaries is engaged in the production of ammonia, urea, melamine and formaldehyde condensates.

IQ's share of QAFCO's normalized production and saleable capacities (in MT'000/PA) of key products are:

Product	Production	Sales
Ammonia	2,850	375
Urea	4,410	4,410
Melamine	26.1	26.1
UFC	29.4	1.9

## Key Products

### Ammonia

A significant portion of the ammonia produced by QAFCO is used internally as a feedstock for urea production. The remainder which is sold is commonly used as a feedstock for urea and ammonium phosphate production.

### Urea

The majority of the urea produced by QAFCO is in either the prilled or granular form. More than 90% of world (for QAFCO, it is around 96%) industrial production of urea is used as a nitrogen-release fertiliser to increase crop yield.

### Urea Formaldehyde Condensate (UFC-85)

UFC-85 is an anti-caking agent which is added to urea products to improve their strength. The majority of 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 is used for a number of construction related activities. Melamine is also used in the production of kitchen utensils and plates.

# STEEL

## Qatar Steel Company Q.P.S.C.

Originally incorporated in 1974, Qatar Steel is fully-owned by IQ and has several investments in the steel industry including, two subsidiaries, Qatar Steel Company FZE and Qatar Steel Industrial Investment Company S.P.C., and three associates, Foulath Holding B.S.C., Qatar Metals Coating Company W.L.L and SOLB Steel Company.

Qatar Steel is engaged in the production of intermediary steel products such as DRI / HBI and Billets and final steel products such as Rebar and Coil.

IQ's share of Qatar Steel's normalized production and saleable capacities (in MT'000/PA) of Steel products are:

Product	Production	Sales
DRI / HBI*	2,300	Nil
Billets*	2,520	Nil
Rebar	1,800	1,800
Coils	240	240

\* Excess quantities when available are sold in open market.

### Steel Products

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

A significant portion of the DRI and HBI produced are used internally for the production of intermediate products, and the balance is sold. The main markets for DRI/HBI include the Middle East, India, and the Far East.

#### Steel Billets

Most of the steel billets produced are converted into steel re-bars by Qatar Steel, with the remainder 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. The majority of the production is marketed in Qatar, with the remainder exported to neighbouring countries in the Gulf region and non GCC countries (predominantly in ASEAN countries).

#### 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, armoured cables and barbed wires. The facility is in the UAE and the majority of production is marketed in the UAE and the region.



# OUR MARKETING AGENCY

**Qatar Chemical & Petrochemical  
Marketing & Distribution Company**

**MUNTAJAT**

Qatar's gateway to the exports of  
chemicals, petrochemicals, fuel additives,  
fertiliser & steel products

Muntajat (Qatar Chemical and Petrochemical Marketing and Distribution Company Q.P.J.S.C.), recognised as a leader in the market, is a state-owned company established in 2012 to serve as the exclusive marketer, distributor and seller of over 16 million metric tons per year of downstream products.

Muntajat offers a diversified portfolio of high quality polymer, chemical, fertiliser and steel products from renowned producers in the industry to more than 3000 customers in 135 countries efficiently and reliably. Muntajat delivers value to Qatar's downstream industries, capitalising on its unique business model, economies of scale, capturing new opportunities, expanding the reach of its trusted brand globally and providing world class customer service.

With 18 offices around the world and a multinational team of experts, Muntajat B.V. headquartered in The Hague, Netherlands is responsible for marketing Muntajat's portfolio of products and is committed to continuously monitor local conditions and trends to better serve customers' requirements and future needs. Furthermore, Muntajat B.V. has established itself as an 'Only Representative' (OR) for REACH in Europe.

Muntajat continues to grow and expand its portfolio through the addition of sulphur to the fertiliser products portfolio on 1 January 2018 and through the addition of steel products produced by Qatar Steel and Q-Coat on 1 May 2018.

These additions are major milestones for Muntajat and evidence of our recognition as a strong and trusted



marketing leader with a robust global network. Muntajat is now the sole marketer and distributor of Industries Qatar (IQ) and Mesaieed Petrochemical Holding Company Q.S.C. (MPHC) finished products.

Muntajat has rapidly accumulated a number of key milestones on its extraordinary journey towards recognition today as a global leader within the downstream industry. We are strongly committed to continue delivering high quality products and excellence in customer service while expanding our reach and building on our strong partnering strategy with key players in the industry.

Muntajat's products are enriching people's everyday lives everywhere.

The background features a complex technical drawing of interlocking gears. The gears are rendered with thin grey lines, showing their teeth and circular profiles. Some gears are partially visible, while others are more prominent. The drawing includes various concentric circles, radial lines, and dashed lines, suggesting a mechanical or engineering theme. A large, solid maroon rectangle is positioned in the upper right quadrant, containing the text.

# BOARD OF DIRECTORS



Abdulaziz Mohammed Al-Mannai  
**Vice Chairman**



**His Excellency Mr. Saad Sherida Al-Kaabi**  
Minister of State for Energy Affairs,  
Chairman and Managing Director



Mohammed Nasser Al-Hajri  
**Member**



Abdulla Ahmad Al-Hussaini  
**Member**



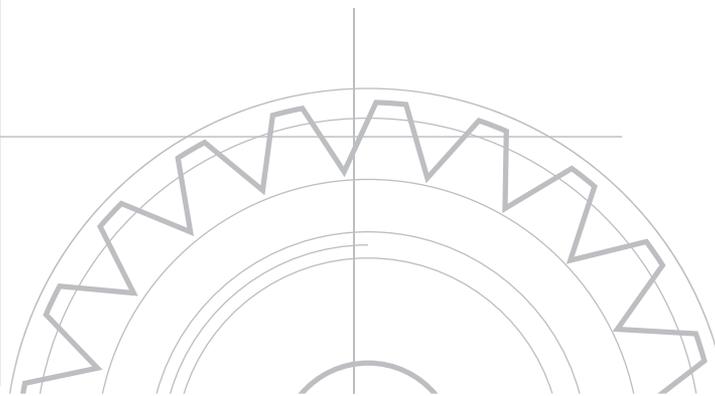
Abdulrahman Mohammed Al-Suwaidi  
**Member**



Dr. Mohammed Yousef Al-Mulla  
**Member**



Khalid Sultan Al-Kuwari  
**Member**



The background features a technical drawing style with several interlocking gears of different sizes. The gears are rendered in light gray lines, showing their teeth and circular profiles. Some gears are partially cut off by the edges of the page. The overall aesthetic is clean and industrial.

# BOARD OF DIRECTORS

Through their extensive knowledge of the international petrochemical, fertiliser and steel industries and experience gained through cross directorships and senior operational positions, the Board of Directors has the expertise necessary to build on the successes of the past and maintain IQ as one of the pre-eminent blue chip companies in the region.

The background features a large, faint gear-like pattern composed of concentric circles and a jagged outer edge. A solid maroon rectangle is positioned in the upper center, containing the text. The overall design is clean and modern.

# CHAIRMAN'S MESSAGE

## Introduction

I am honored to welcome all of you to the Annual General Assembly Meeting of Industries Qatar, one of the region's industrial giants and one of the largest and most successful listed entities in the State of Qatar.

I thank and congratulate my fellow Board members and the senior management of the group companies for their dedication, hard work and commitment in reaching outstanding operational and financial results. I also thank our sales and marketing partner, "Muntajat", which now assumes the responsibility of marketing all of the group's products, for their continued support. I am proud of our achievements which would not have been possible without our robust business continuity programs and the untiring efforts of our senior management and business partners.



**His Excellency Mr. Saad Sherida Al-Kaabi**  
Minister of State for Energy Affairs,  
Chairman and Managing Director

## Operational and Financial Results

2018 was another remarkable year for the group that reached several key operational and financial milestones. Below are some highlights of these milestones:

- The group reported net profit of ~QR 5.0 billion, translated into an EPS of 8.3, a significant increase of ~52% on last year;
- The group's revenue reached ~QR 16.3 billion, a noteworthy increase of ~16% versus the previous year. The increase was aided by the combined effect of higher product prices and sales volumes;
- The cash and bank balances across the group reached ~QR 13.1 billion, a new record for the group. Strong cash flows from operations, optimized working capital, reduced CAPEX and minimal debt repayment contributed to the significant

growth in the cash and bank balances;

- The group has settled almost all of its outstanding debt during 2018, making it almost a debt free entity;
- Sales volumes have reached 9.8 million metric tons, a new record for the group. Changes to distribution strategy, migration of steel marketing, sales and distribution to Muntajat, and a general increase in demand aided the group's sales volumes to reach this new height;
- Effective 1st May 2018, marketing, sales and distribution of the group's steel products have been migrated to Muntajat. This arrangement brings both financial and operational benefits via efficiency improvement, cost reduction, a better distribution

model and operational synergies;

- The group was able to maintain its production versus 2017 despite some unplanned outages, in addition to the recurrent planned maintenance programs;
- Controllable operating costs were increased only marginally despite there were general inflationary increase across the economy. The group will constantly focus on effective sourcing of raw materials, rationalisation of operations, while striving for efficiency and effectiveness to further enhance its operating expenditure;
- Qatar Fuel Additive Company (QAFAC) operated throughout the year, without having either planned or unplanned outages. A reputed industry benchmark report highlighted that QAFAC's performance is within the first quartile in the industry. QAFAC was also ranked as the number one operator in the methanol industry last year; and
- Qatar Fertiliser Company (QAFCO) exported the highest volumes of urea in the month of March 2018, which is considered a world record of export quantity in a month from a single location and from a single entity.

## Competitive Advantages

IQ's position as a leading conglomerate is primarily driven by its competitive advantages. The group possesses several competitive advantages, including assured supply of feedstock, competitively priced energy contracts, younger, efficient and well maintained production facilities, a dedicated marketing entity, and strategic alliance and partnerships with world renowned energy firms, strategically located facilities and most importantly a highly experienced senior management team that transformed IQ to where it is today. These competitive advantages aided the group in growing its production facilities, product ranges, geographical presence, operating asset base, cash position and the portfolio companies.

## Cost and Operational Optimisation

The group places greater emphasis on the need for being efficient and cost competitive to maintain its status quo as one of the leading low cost and efficient operators within the industry. Having prioritized the need for being competitive, the group commenced its optimisation efforts as early as 2015. Since then, the companies were able to reduce the controllable operating costs considerably to maintain an excellent cost positioning. Further efforts are underway to improve the cost competitiveness to achieve our full potential. We will continue to invest in people, processes, and technologies to facilitate our target of becoming a lean organisation, while maintaining the highest quality and HSE standards.

## Capital Expenditure and Business Development

The group is currently evaluating a wide spectrum of potential CAPEX opportunities in the areas of capacity expansions, reliability, efficiency, and HSE improvements. We believe such investments are essential to maintain our competitive position and add value to our shareholders.

As for the group's base case business strategy over the next five years (2019-2023), the group will continue to focus on market development by expanding its geographical footprint, efficiency gains via the on-going cost optimisation programs, and selective expansions. We will keep our shareholders informed of any such capital investments as and when a decision is made.

## Proposed Dividend Distribution

From the group's incorporation in 2003 to-date, the group has distributed a total dividend of QR 47.3 billion or QR 84.5 per share, with an average payout ratio of approximately 66%. Moreover, 10% bonus shares were issued on two previous occasions. The historical payout ratio of above 60% is a clear evidence of the Board's intention of paying an adequate dividend to the shareholders while maintaining adequate liquidity for actual and potential investment requirements, debt obligations and unexpected adverse trading conditions.

In line with the above objectives, and taking the current and expected short to medium term economic environment into consideration, together with the requirements for any potential future investments, the Board of Directors proposes a total annual dividend distribution for the year ended December 31, 2018 of QR 3.6 billion, equivalent to a payout of QR 6 per share, and a payout ratio of 72.2%.

## Conclusion

I am confident that my fellow Board members and the senior management of the group companies are well prepared for another year ahead of us which may present new opportunities and challenges, and work towards the realisation of the strategic targets, and support me in ensuring Industries Qatar continue to remain as one of leading conglomerates in the region.

In conclusion, I would like to express my sincere gratitude to His Highness Sheikh Tamim bin Hamad Al-Thani, the Amir of the State of Qatar, for his vision and wise leadership, and the members of the Board of Directors, senior management and dedicated staff of our group companies for their valuable guidance and support.



**Saad Sherida Al-Kaabi**

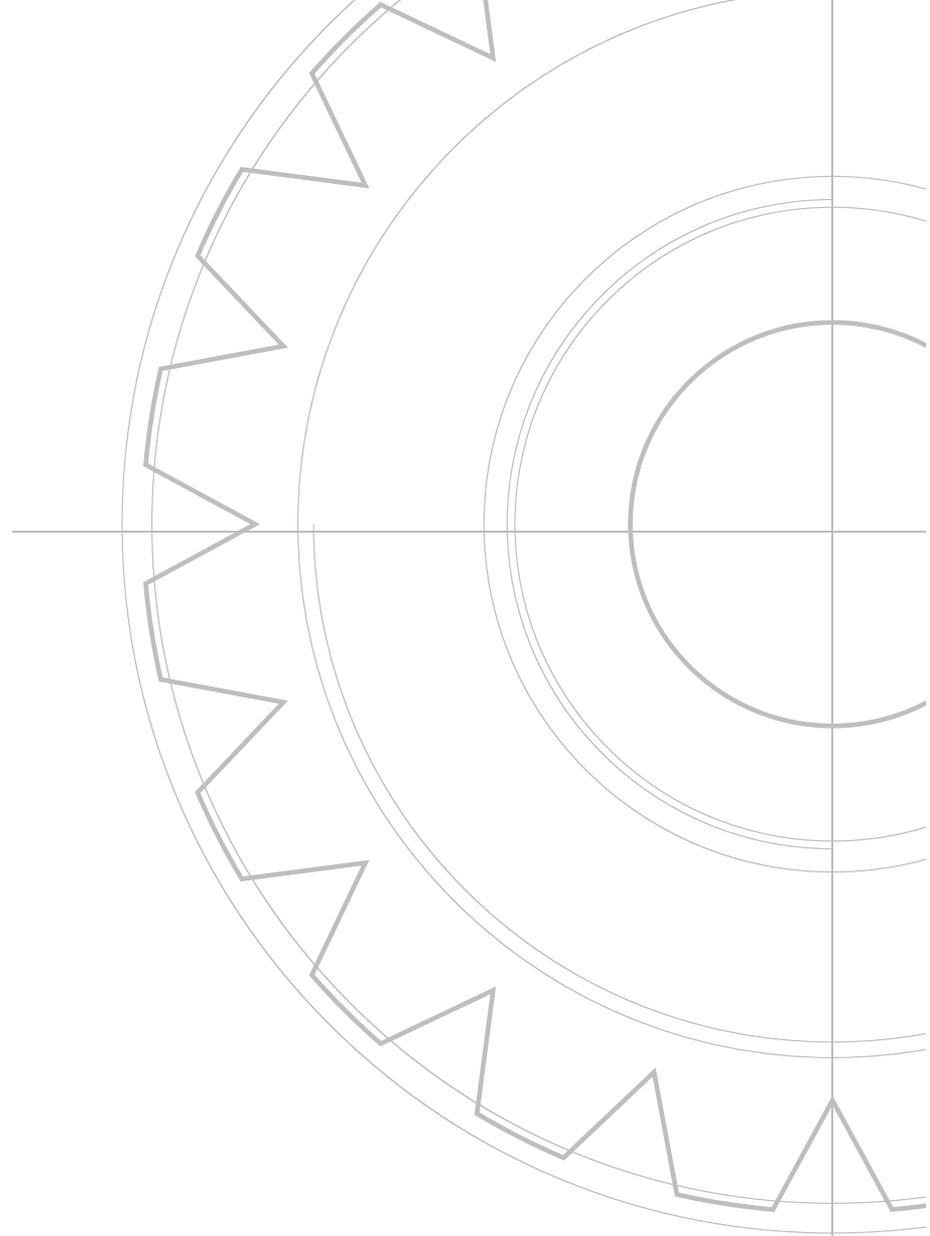
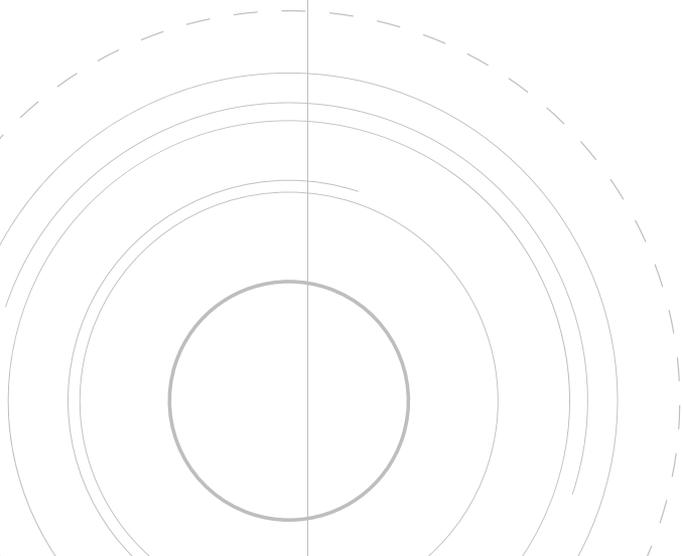
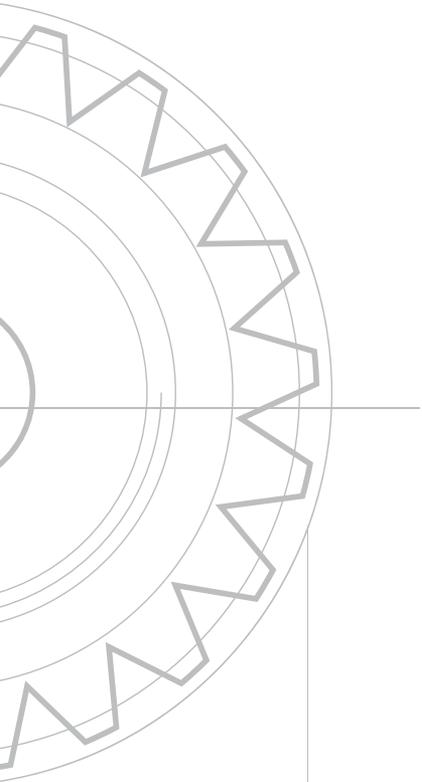
Minister of State for Energy Affairs,  
Chairman of the Board







# BOARD OF DIRECTORS' REPORT



The Board of Directors is pleased to present its annual report on the financial and operational performance of Industries Qatar, a premier blue chip group in Qatar and one of the largest and most profitable listed companies in the Middle East.

## Financial Performance

2018 was a solid year as the group witnessed sound financial and operating results with a revenue of QR 16.3 billion, and net profit of QR 5.0 billion. These results were significantly higher than the results of 2017 with revenue and net profit exceeding the previous year by ~16% and ~52% respectively.

Stable production, record sales volumes, modest improvement in product prices, and the group's continued focus on cost optimisation and efficiency improvements were the main factors those helped the group achieving these commendable results. However, these results were somewhat impacted by increased raw material and energy costs and unplanned outages in some production facilities.

Product prices across the group have shown modest improvement versus last year. Petrochemical prices, particularly the prices of fuel additives, have improved moderately on the backdrop of a notable increase in crude oil prices during most of 2018. Fertiliser prices have improved due to rising energy costs and a scarcity of supply in some markets. Steel prices have shown a modest increase on account of rising raw material and other related production costs.

The group's sales volumes have reached a new record level. Change in the group's sales strategy and a general increase in the global demand have aided the group to record its highest sales volumes level to date. The change of sales strategy was also helpful in mitigating any residual issues that arose from the 2017 blockade by some of the neighboring countries. Production volumes remained relatively unchanged despite a few unplanned outages in some of the facilities.

## Revenue

Total revenue<sup>1</sup> recorded for the year ended December 31, 2018 was QR 16.3 billion, a notable increase of QR 2.2 billion, or ~16%, over the previous year. On the other hand, the reported revenue<sup>2</sup> according to IFRS 11, was QR 5.8 billion, a commendable increase of ~25% versus the same period of 2017.

### Petrochemical Segment<sup>3</sup>

The petrochemical segment reported a revenue of QR 5.8 billion, a year-on-year increase of QR 0.3 billion, or ~5% over 2017. This increase was primarily driven by the improved sales volumes. Sales volumes in 2018 did show a slight growth, as the group's polyolefin facilities returned to normal production levels following the unplanned outage in the first quarter of 2017. Fuel additive sales, on the other hand, remained relatively unchanged on last year, as fuel additive plants operated throughout the year with no shutdowns. The slight increase in the prices of the products too have marginally contributed towards the growth in the revenue.

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<sup>1</sup> Total revenue is computed as the revenue of fully owned subsidiary plus share of revenue in directly and indirectly held joint ventures;

<sup>2</sup> Reported revenue = revenue reported in the financial statement representing the revenue of fully owned subsidiary Qatar Steel;

<sup>3</sup> Petrochemical segment's revenue is computed by taking the group share of revenue in Qapco and Qafac. Qapco's revenue is computed by taking the share of revenue in its joint ventures namely Qatofin, QVC and QPPC. This revenue may defer from the revenues reported under the note 29 (Segmental Reporting) of the financial statements. Group share of revenue reported for the petrochemical segment under note 29 of the financial statement is QR 4.4 billion.

## Fertiliser Segment

Revenue in the fertiliser segment amounted to QR 4.7 billion, a noteworthy increase of QR 0.7 billion, or ~19% versus 2017. The increase was primarily driven by a notable price increase in both ammonia and urea. Fertiliser prices remain bullish in the second half of the year due to rising energy costs and tight supplies. The group was able to increase the production yield in the fertiliser facilities despite an increase in the unplanned outage days, and maintained the sales volumes in the current year.

## Steel Segment

The steel segment closed the year with revenue of QR 5.8 billion for the year ended December 31, 2018, a significant increase of QR 1.2 billion or ~25% versus 2017. The increase was primarily due to the combined effect of increased sales volumes and selling prices subsequent to changing the group's sales and marketing strategy.

## Profits and Margins

EBITDA<sup>4</sup> reported for the year ended December 31, 2018 was QR 5.3 billion, a significant increase of QR 1.4 billion, or ~46%, on last year. This notable increase was driven by several factors including moderately improved prices, a slight increase in sales volumes, and a reduction in the controllable operating expenditures, increased other income, but partially offset by increased raw material and energy costs and unplanned outages in some production facilities.

Net profit for 2018 was QR 5.0 billion, a remarkable increase of QR 1.7 billion, or ~52%, against last year, with the favorable year-on-year variance attributable to the same reasons as the EBITDA variance.

## Financial Position and Cash Flows

Total assets reported as at 31 December 2018 was QR 37.1 billion, an increase of QR 1.8 billion or 5% on last year. This increase was primarily driven by the increase in the cash and bank balances, which significantly increased by QR 2.8 billion or 36% compared to previous year on account of robust investment cash flows, minimal capital expenditure and debt repayment. Capital expenditure, which was primarily limited to facility maintenance, amounted only to QR 0.2 billion. Cash and bank balances now stand at QR 10.6 billion. On the other hand, total cash and bank balances across the group<sup>5</sup> is QR 13.1 billion, a record for the group.

During the year, the group generated net cash flow of QR 1.3 billion, resulting in the group's cash and cash equivalent<sup>6</sup> reaching QR 1.9 billion. Operating cash flows of QR 1.2 billion and investment cash flows of QR 3.3 billion, which primarily consist of dividends received from joint ventures, were more than adequate to make debt repayments and pay 2017 dividends.

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<sup>4</sup> EBITDA = Net Profit + Depreciation + Impairment Charges + Finance Charges.

<sup>5</sup> Cash & Bank across the group = Cash & Bank at the parent plus subsidiary plus joint ventures;

<sup>6</sup> Cash and cash equivalent = Cash and Bank as per Balance Sheet less fixed deposit maturing over 90 days;

## Strategy and Future Plans

The group's base case business plan for the next five years will continue to focus on market development, productivity and efficiency gains via the on-going cost optimisation programs. Additionally, we will selectively invest in capital investment projects that we believe will increase our competitive position and add value to our esteemed shareholders. Moreover, our efforts on optimisation will continue until the group achieves its full potential.

## Proposed Dividend Distribution

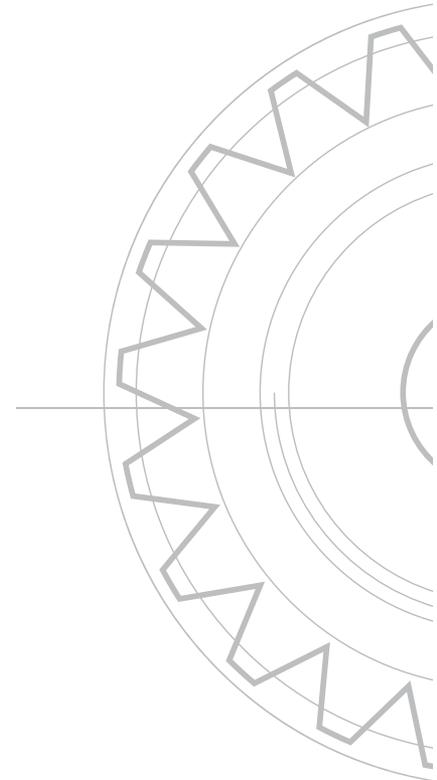
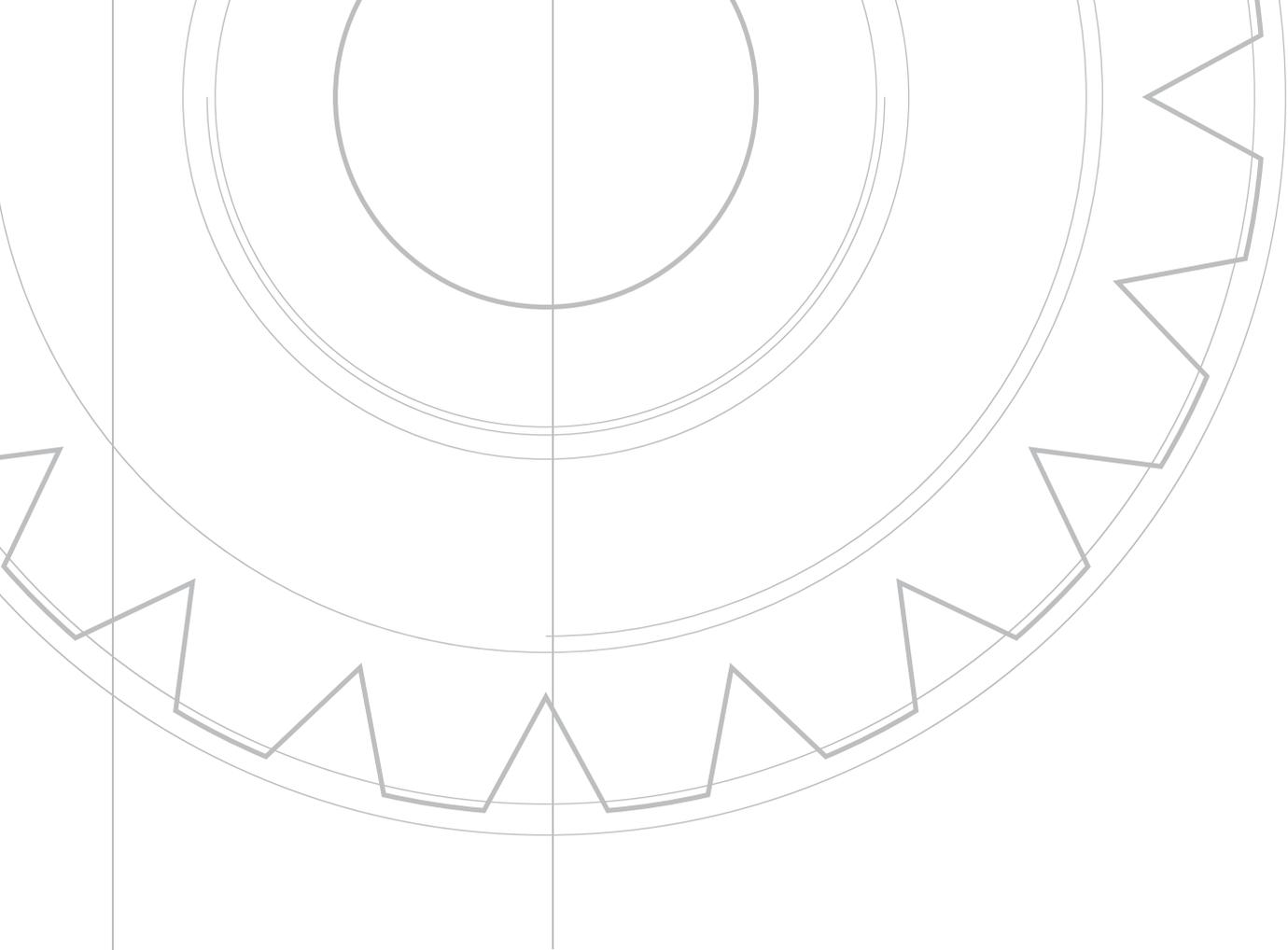
The Board of Directors proposes a total annual dividend distribution for the year ended December 31, 2018 of QR 3.6 billion, equivalent to a payout of QR 6 per share, representing a payout ratio of 72.2%.

## Conclusion

The Board of Directors expresses its gratitude to His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar, for his wise guidance and strategic vision. Our gratitude is also extended 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 leadership, and to the senior management of the group companies for their hard work, commitment and dedication. We also would like to thank our esteemed shareholders for the great trust you place in us.







The background features a series of concentric circles and intersecting lines, creating a technical or architectural feel. A prominent circle with a crosshair is centered in the lower half. To the left, a partial gear-like shape with a jagged outer edge is visible. A dashed line forms a large arc across the middle. A solid maroon rectangle is positioned in the upper right, containing the title text.

# INDEPENDENT AUDITOR'S REPORT

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDUSTRIES QATAR Q.P.S.C.

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Our opinion

In our opinion, the consolidated financial statements of Industries Qatar Q.P.S.C. (the "Company") and its subsidiaries (together the «Group») present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### What we have audited

- The Group's consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2018;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

## Independence

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

## Our audit approach

### Overview

Key Audit Matters                      Impairment of investments in associates and joint ventures

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### 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

### Impairment of investments in associates and joint ventures

The Group's investment in associates and joint ventures amounted to QR 1.4 billion and QR 17.9 billion, respectively, totalling QR 19.3 billion at 31 December 2018, representing 52% of total Group assets at that date. These investments are accounted for using the equity method, because of the Group's significant influence over, or joint control of, these entities that comes from its shareholdings (note 2.2.4).

The Group assesses at each reporting date whether there is any objective evidence that an investment accounted for using the equity method is impaired. The decrease in sale prices in the market, reduced profitability and increasing cost pressures, amongst other factors, are considered to be possible indicators that an impairment may exist.

Therefore, where such indicators existed, in accordance with IFRS and the Group's accounting policies, an impairment review of certain investments in associates and joint ventures was performed by management using a value in use model to estimate the investments' values assuming the investments continue to be held rather than sold.

When deemed necessary, management performed a further impairment review at the level of subsidiaries, associates, and joint venture entities indirectly held by the Group through its associates and joint ventures.

## How our audit addressed the Key audit matter

We reviewed the Group's investments in associates and joint ventures to determine whether any impairment indicators existed at the reporting period to confirm whether the impairment assessment is carried out when required under IFRS.

We obtained management's impairment model and discussed the critical assumptions used both with them and with the Board Audit Committee (BAC).

The discussion focussed on the growth rates used to estimate future cash flows and the discount rates applied to these. Additional levels of discussion were carried out when estimated cash flows were not based on Board approved business plans or the plans were not very recent.

Our internal valuation experts reviewed the appropriateness of the model and the inputs selected to calculate the value in use of each investment individually. They independently recalculated the discount rates applied to the cash flows in the model based on their assessment of the Group's specific financing and capital costs.

## Key audit matter

### Impairment of investments in associates and joint ventures (continued)

Based on those impairment reviews, the Group recognised an impairment loss of QR 49.5 million for one of its associates in the year ended 31 December 2018.

The many assumptions used in the model to estimate future profits from associates and joint ventures attributable to the Group are derived from a combination of analysts' forecasts and management's best estimates and are highly judgemental. These are difficult to substantiate and require management to form a view on future growth in the steel, petrochemicals, and fertilisers segments of activities, and the economic circumstances of Qatar and other GCC countries where the Group mainly operates. Refer to Note 4 for more details about critical accounting estimates and assumptions used.

We focused on this area because of the materiality of investments in associates and joint ventures, and an impairment, if it exists, could have a material impact on the consolidated financial statements. We also focused on this area due to the significant judgments involved in performing the impairment test as set out above.

Refer to notes 8 and 9 in the consolidated financial statements for the details of investments in associates and joint ventures, respectively.

## How our audit addressed the Key audit matter

We tested the inputs used in the determination of the assumptions for the calculation of the value in use to third-party sources and other relevant evidences as appropriate, including using external data from analysts' reports.

We tested the mathematical accuracy of the impairment model.

We also reviewed the disclosures in the consolidated financial statements made in relation to impairment testing for compliance with accounting standards.



## **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 complete 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 IFRS and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, and for such internal control as management determines is necessary to enable the preparation of 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 scepticism 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 number 11 of 2015, we report that:

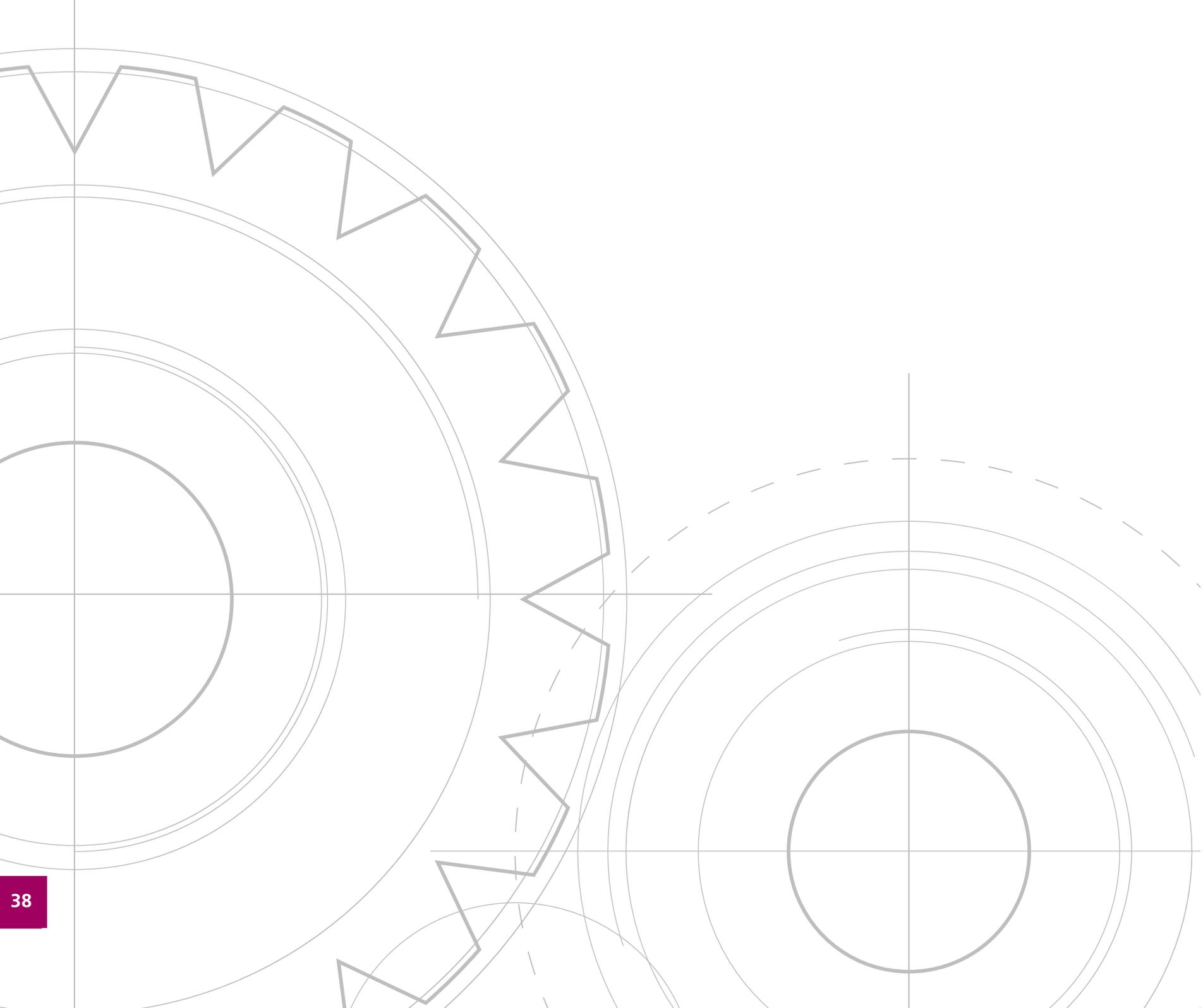
- We have obtained all the information we considered necessary for the purposes of our audit;
- The Company has carried out a physical verification of inventories at the year-end in accordance with observed principles;
- The Company has maintained proper books of account and the consolidated financial statements are in agreement therewith; and
- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its consolidated financial position as at 31 December 2018.

For and on behalf of PricewaterhouseCoopers – Qatar Branch  
Qatar Financial Market Authority registration number 120155



**Mohamed Elmoataz**

Auditor's registration number 281  
Doha, State of Qatar  
11 February 2019



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# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF QATARI RIYALS UNLESS OTHERWISE STATED)

As at 31 December	2018	2017	2016
<b>ASSETS</b>		(Restated)	(Restated)
<b>Non-current assets</b>			
Property, plant and equipment	3,437,916	3,520,369	3,670,978
Investments in associates	1,407,089	1,438,788	1,451,409
Investments in joint ventures	17,885,703	18,592,745	18,087,325
Available-for-sale investments	-	533,890	674,295
	<b>22,730,708</b>	24,085,792	23,884,007
<b>Current assets</b>			
Inventories	1,717,078	1,444,233	1,243,570
Trade and other receivables	1,669,172	1,903,439	1,727,900
Financial assets at fair value through profit or loss	364,027	3,585	3,585
Cash and cash equivalents	2,007,613	747,627	1,098,144
Fixed deposits	8,581,090	7,041,075	6,973,371
	<b>14,338,980</b>	11,139,959	11,046,570
<b>Total assets</b>	<b>37,069,688</b>	35,225,751	34,930,577

## EQUITY AND LIABILITIES

### EQUITY

Share capital	6,050,000	6,050,000	6,050,000
Legal reserve	126,824	94,863	74,999
Fair value reserve	-	232,941	373,346
Hedging reserve	602	(747)	(54,142)
Other reserve	15,905	-	-
Retained earnings	29,297,132	27,217,336	26,425,507
<b>Total equity</b>	<b>35,490,463</b>	33,594,393	32,869,710

### LIABILITIES

#### Non-current liabilities

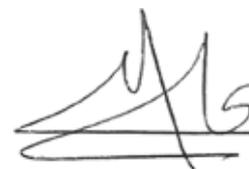
Borrowings	-	-	225,758
Employees' benefit obligations	205,024	199,095	214,983
	<b>205,024</b>	199,095	440,741

	2018	2017	2016
<b>Current liabilities</b>		(Restated)	(Restated)
Borrowings	-	225,758	450,571
Trade and other payables	1,374,201	1,206,505	1,169,555
	<b>1,374,201</b>	1,432,263	1,620,126
<b>Total liabilities</b>	<b>1,579,225</b>	1,631,358	2,060,867
<b>Total equity and liabilities</b>	<b>37,069,688</b>	35,225,751	34,930,577

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 11 February 2019 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

(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF QATARI RIYALS UNLESS OTHERWISE STATED)

	Year ended 31 December	2018	2017
Revenues		<b>5,791,018</b>	4,628,483
Cost of sales		<b>(4,868,058)</b>	(3,918,924)
<b>Gross profit</b>		<b>922,960</b>	709,559
General and administrative expenses		<b>(157,021)</b>	(199,196)
Selling and distribution expenses		<b>(81,950)</b>	(57,826)
Share of net results of investment in joint ventures		<b>3,877,848</b>	2,606,615
Share of net results of investment in associates		<b>32,643</b>	27,943
Impairment of investment in associates		<b>(49,535)</b>	(101,261)
Income from investments		<b>338,498</b>	254,610
Finance cost		<b>(1,948)</b>	(10,034)
Other income		<b>148,321</b>	84,992
<b>Profit for the year</b>		<b>5,029,816</b>	3,315,402
<b>Earnings per share</b>			
Basic and diluted earnings per share (QR per share)		<b>8.31</b>	5.48



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF QATARI RIYALS UNLESS OTHERWISE STATED)

	Year ended 31 December	2018	2017
Profit for the year		5,029,816	3,315,402
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
<i>Available for sale financial investments</i>			
Net movement in cumulative changes in fair value		-	(140,405)
<i>Share of other comprehensive income of investment in joint ventures</i>			
Movement in cash flow hedges		-	51,018
Net unrealised gain on defined benefit obligation		15,905	-
<i>Share of other comprehensive income of investment in associates</i>			
Movement in cash flow hedges		1,349	2,377
		<b>17,254</b>	<b>53,395</b>
<b>Items that will not be reclassified to profit or loss</b>			
Changes in the fair value of equity investments at fair value through other comprehensive income		(1,081)	-
<b>Other comprehensive income/(loss) for the year</b>		<b>16,173</b>	<b>(87,010)</b>
<b>Total comprehensive income for the year</b>		<b>5,045,989</b>	<b>3,228,392</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

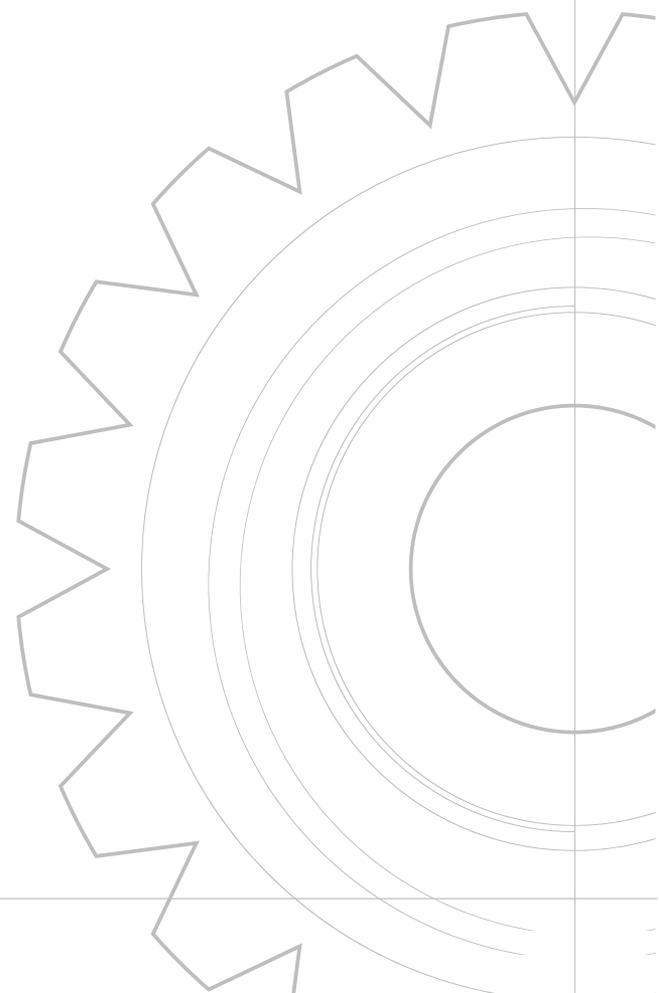
(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF QATARI RIYALS UNLESS OTHERWISE STATED)

	Share capital	Legal reserve	Fair value reserve	Hedging reserve	Other reserve	Retained earnings (Restated)	Total
<b>Balance at 1 January 2017 (as previously reported)</b>	6,050,000	74,999	373,346	(54,142)	-	27,069,762	33,513,965
Correction of prior period errors	-	-	-	-	-	(644,255)	(644,255)
Restated balance at 1 January 2017	6,050,000	74,999	373,346	(54,142)	-	26,425,507	32,869,710
Profit for the year	-	-	-	-	-	3,315,402	3,315,402
Other comprehensive loss for the year	-	-	(140,405)	53,395	-	-	(87,010)
<b>Total comprehensive income for the year</b>	-	-	(140,405)	53,395	-	3,315,402	3,228,392
Dividends declared for 2016	-	-	-	-	-	(2,420,000)	(2,420,000)
Social fund contribution	-	-	-	-	-	(83,709)	(83,709)
Transfer to legal reserve	-	19,864	-	-	-	(19,864)	-
<b>Balance at 31 December 2017</b>	6,050,000	94,863	232,941	(747)	-	27,217,336	33,594,393
<b>Balance at 1 January 2018 as originally presented</b>	6,050,000	94,863	232,941	(747)	-	27,861,591	34,238,648
Adoption of new accounting policy	-	-	(232,804)	-	-	232,804	-
Correction of prior period errors	-	-	-	-	-	(644,255)	(644,255)
<b>Adjusted total equity at 1 January 2018</b>	6,050,000	94,863	137	(747)	-	27,450,140	33,594,393
Loss on disposal of equity investments at fair value through other comprehensive income	-	-	944	-	-	(944)	-
Profit for the year	-	-	-	-	-	5,029,816	5,029,816
Other comprehensive income for the year	-	-	(1,081)	1,349	15,905	-	16,173
<b>Total comprehensive income for the year</b>	-	-	(1,081)	1,349	15,905	5,029,816	5,045,989
Dividends declared for 2017	-	-	-	-	-	(3,025,000)	(3,025,000)
Social fund contribution	-	-	-	-	-	(124,919)	(124,919)
Transfer to legal reserve	-	31,961	-	-	-	(31,961)	-
<b>Balance at 31 December 2018</b>	6,050,000	126,824	-	602	15,905	29,297,132	35,490,463

# CONSOLIDATED STATEMENT OF CASH FLOWS

(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF QATARI RIYALS UNLESS OTHERWISE STATED)

	Year ended 31 December	2018	2017
<b>Cash flows from operating activities</b>			
Profit for the year		5,029,816	3,315,402
<b>Adjustments for:</b>			
Depreciation and amortisation		237,437	225,422
Provision for employees' end of service benefits - net		5,929	(15,888)
Share of net results from investment in joint ventures		(3,877,848)	(2,606,615)
Share of net results from investment in associates		(32,643)	(27,943)
Loss on disposal of property, plant and equipment		5,225	11,195
Dividend received from financial assets at fair value through profit or loss (2017: available-for-sale investments)		(26,756)	(23,730)
Fair value gains from financial assets at fair value through profit or loss		(14,483)	-
Gain on disposal of financial assets at fair value through profit or loss		(5,703)	-
Finance costs		1,948	10,034
Interest income		(311,742)	(230,880)
Impairment of investment in associate		49,535	101,261
<b>Operating cash flows before changes in working capital</b>		<b>1,060,715</b>	<b>758,258</b>
<b>Changes in working capital</b>			
Inventories		(272,845)	(200,663)
Trade and other receivable		342,494	(60,008)
Trade and other payable		119,082	42,325
<b>Cash generated from operations</b>		<b>1,249,446</b>	<b>539,912</b>
Social fund contribution		(83,709)	(71,757)
<b>Net cash generated from operating activities</b>		<b>1,165,737</b>	<b>468,155</b>

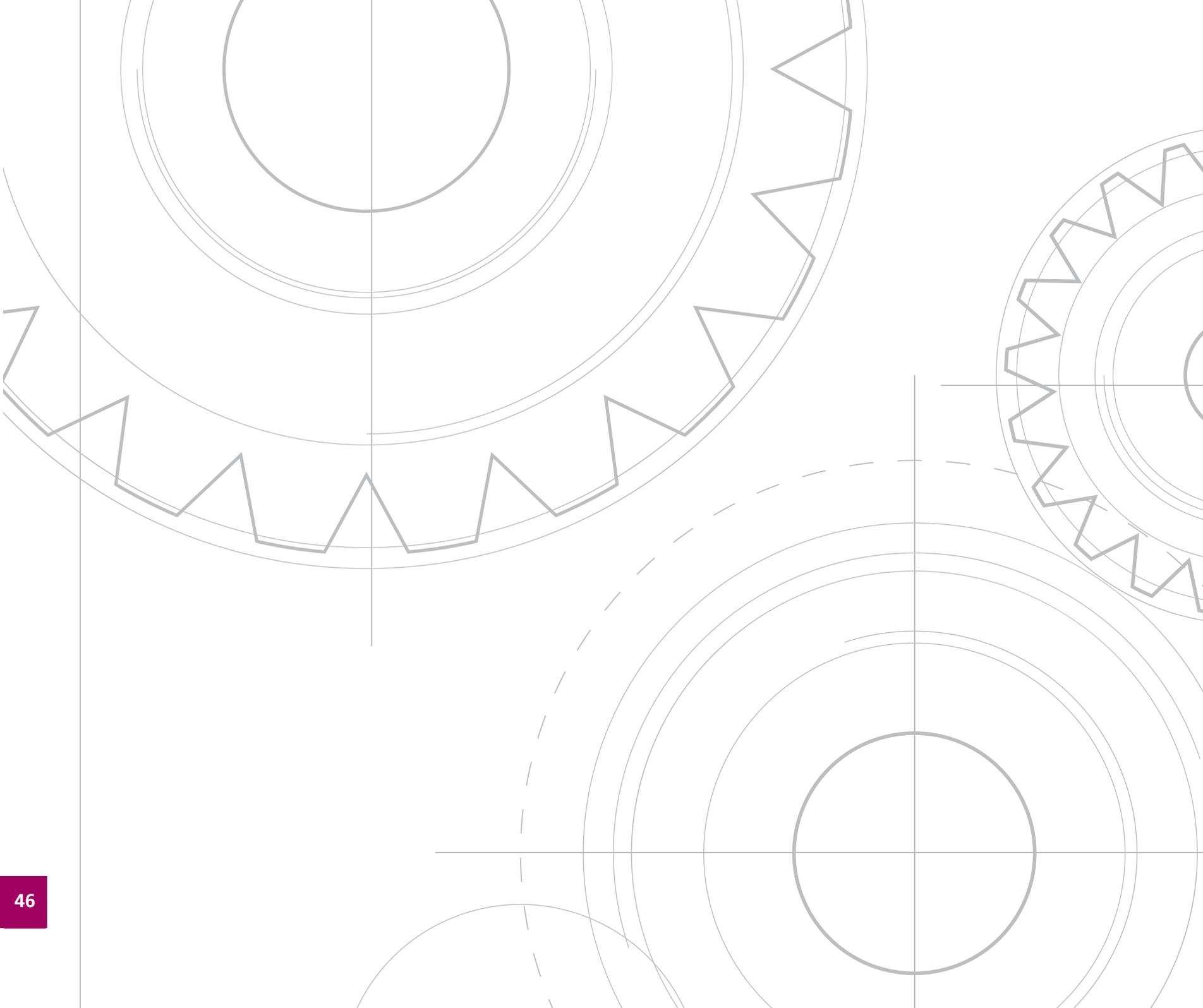


# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS OF QATARI RIYALS UNLESS OTHERWISE STATED)

	Year ended 31 December	2018	2017
<b>Cash flows from investing activities</b>			
Proceeds from disposals of property, plant and equipment		-	112
Additions to property, plant and equipment		(160,209)	(86,120)
Dividend received from investment in associate		16,156	40,000
Proceeds from disposal of financial assets at fair value through profit or loss		192,019	-
Proceeds from disposal of financial assets at fair value through other comprehensive income		534	-
Dividend received from financial assets at fair value through profit or loss (2017: available-for-sale investments)		26,756	23,730
Dividends received from investment in joint ventures		4,570,001	2,062,933
Additional investment in Foulath Holding B.S.C.		-	(98,320)
Movement in fixed deposits		(1,540,015)	(67,704)
Interest income received		234,309	204,630
<b>Net cash generated from investing activities</b>		<b>3,339,551</b>	<b>2,079,261</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(225,758)	(450,571)
Finance costs paid		(1,948)	(10,034)
Movement in unclaimed dividend bank accounts		(7,405)	17,328
Dividends paid to equity holders		(3,017,596)	(2,437,328)
<b>Net cash used in financing activities</b>		<b>(3,252,707)</b>	<b>(2,880,605)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,252,581</b>	<b>(333,189)</b>
Cash and cash equivalents at beginning of year		631,134	964,323
<b>Cash and cash equivalents at end of year</b>		<b>1,883,715</b>	<b>631,134</b>

Notes to the consolidated financial statements are an integral part of the consolidated financial statements. For more information, please visit IQ's website: [www.iq.com.qa](http://www.iq.com.qa)





**CORPORATE  
GOVERNANCE  
REPORT 2018**

# CORPORATE GOVERNANCE REPORT 2018

## 1. Introduction

Industries Qatar (hereinafter referred to as “IQ” or “the Company”), a Qatari public shareholding company listed on the Qatar Exchange, was duly established 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. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of the Commercial Companies Law promulgated by Law no. 11 of 2015, and in line with the specific nature of its incorporation.

Qatar Petroleum, the founder, special shareholder and 51% majority shareholder, provides Industries Qatar with all the required financial and head office services under a service-level agreement signed between them. As a result, IQ applies some of QP's rules and procedures. As part of its Board of Directors' efforts aimed at complying with the principles of corporate governance and applying generally recognized best practices, IQ 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 26/12/2011.

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

Out of a firm belief in the importance and need for establishing the principles of good governance to enhance the value added to shareholders, IQ Board of Directors is firmly committed to implementing the principles of governance set out 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, consistent with the provisions of the Company's AoA. IQ Board of Directors attaches greater importance to achieving justice and equality among stakeholders, enhancing transparency and disclosure and providing timely information to stakeholders in a way that enables them to make their decisions and properly conduct their work. The Board is also committed to upholding the values of corporate social responsibility, putting the public interest of the Company and its stakeholders ahead of any other interest, performing roles and responsibilities in good faith, integrity, honor and sincerity and taking the arising responsibility to 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 implementation whenever required. The Board is also committed to updating the Company's Code of Ethics that reflects the values held by the Company.

Taking into account the provisions of Article no. 2 of QFMA Governance Code, and as part of its efforts to comply with the provisions of this Code and bring its official documents into conformity with it, the Company has convened an Extraordinary General Assembly meeting on 04/03/2018 to amend certain Articles in its AoA.

## 3. Board of Directors

### 3-1 Board Structure

Industries Qatar was established by Qatar Petroleum, a Qatari state-owned general corporation established by Emiri Decree no. 10 of 1974, as a parent company of a group of companies that have been operating for decades in the petrochemical, fertilizers and steel industries. Industries Qatar went public by Qatar Petroleum in 2003 to serve as a mechanism to distribute wealth to Qatari nationals. This was primarily achieved via the discounted IPO price. All shareholders receive sufficient dividends in proportion to their existing shareholdings.

Recognizing the specific nature of IQ's activities and its strategic position as one of the main pillars of Qatar's economy and taking into account the public interest, the Company's Board shall consist (contrary to Article no. 6 of QFMA Governance Code) of up to eight (8) Directors, all of whom may be appointed by the special shareholder (Qatar Petroleum) for the following reasons that show how closely the Company's financial and operational performance is connected to Qatar Petroleum, making it vital to maintain aligned strategy and vision:

- Qatar Petroleum is the founder, special shareholder and 51% majority shareholder.
- Industries Qatar and its subsidiaries depend on Qatar Petroleum for supply of feedstock and infrastructure.
- Industries Qatar and its subsidiaries depend on Qatar Petroleum for technical and technological support.
- Qatar Petroleum provides all financial and head office services to the Company under a service-level agreement. These services are provided as and when requested to ensure that the operations of Industries Qatar are fully supported.

Except for those matters that are decided by shareholders as determined by the Company's Articles of Association, the Board of Directors has the widest powers to give full effect to the objects of the Company. The Board may delegate any such power to any one or more of the Directors.

### 3-2 Board Composition

Directors are appointed for renewable terms of three (3) years or such shorter periods (being no less than one (1) year). Pursuant to Qatar Petroleum's decision no. 6 of 2018 dated 08/03/2018, IQ Board of Directors was reconstituted on 05/03/2018 in accordance with Article no. 22 of the Company's Articles of Association. Accordingly, seven (7) Directors were appointed by Qatar Petroleum. According to the definition of the independent Director in QFMA Governance Code, IQ Non-Executive Board members are Non-Independent members, as they are representatives of a legal person that owns more than 5% of the Company's share capital. The Board is composed of five (5) Executive members and two (2) Non-Executive members as noted in the Appendix of the Board of Directors' bios.

Qatar Petroleum 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. Qatar Petroleum makes timely disclosure of its decisions on Board formation or any change thereto (Directors' bios are attached).

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

As one of the most important pillars upon which the implementation of the governance at Company level rests, the Board of Directors is accountable to shareholders for exercising due 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 for the greater good. Accordingly, the Board developed a Board Charter under the Corporate Governance Framework in accordance with the best practices of corporate governance. The roles and responsibilities of the Board and the duties which must be fully performed by its Directors are specifically identified in the Charter, which is reviewed and amended following any relevant new changes made by regulators.

According to Board Charter, which is available on the Company's website, the Board provides the strategic direction to IQ by reviewing

the Company's vision and mission, approving and supervising the implementation of the Company's strategic directions, main objectives and business plans. The Board develops and supervises proper internal control systems and risk management, ensuring that effective Executive Management is in place and in succession, and that it achieves IQ's goals and objectives to increase value in a profitable and sustainable manner.

The Board of Directors oversees the overall corporate governance of IQ, monitors its effectiveness and amends it as needed. It also reviews the Company's policies and procedures to ensure compliance with the relevant laws, regulations and the Company's 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 with written and clear instructions. In any event, the Board remains liable for all of its functions or authorities so delegated.

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 Members 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 protecting shareholders' rights and achieving the Company's vision and strategic objectives profitably and sustainably.

The Chairman is not a member of any Board Committee referred to in QFMA Governance Code. IQ Chairman also serves (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 works at the Company level are not of 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 of decision at the time of developing the Company's Manual of Authorities and the relevant regulations.
- The Chairman in his capacity as the Chairman or as the Managing Director is not a member in any of the Board Committees or Special Committees.
- The roles and responsibilities of the Chairman are separated from those of the rest of Board members and members of the Company's Executive Management.

### **3-5 Board members**

Board members are committed to exercising due diligence 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.

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

The Board of Directors convenes for the conduct of business, adjourn and otherwise regulates its meetings as it thinks fit. As part of its efforts to implement governance standards, the Company has convened an Extraordinary General Assembly meeting on 28/2/2017 to

amend the frequency of Board meetings to become at least six (6) meetings during the financial year.

Three months must not elapse without convening a meeting. In accordance with the provisions of Article (31/1) of the Company's Articles of Association, the Board has met for the required number of times during the year.

In accordance with Board Charter and the Company's Articles of Association, all Board meetings are conveyed 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.

The actual practice of the Board of Directors is consistent with the provisions of QFMA Governance Code. However, the Company in its endeavor to bring its official documents in line with such Code has convened an Extraordinary General Assembly meeting on 04/03/2018 to amend two Articles of its AoA on Quorum and Vacation of Office of Directors to read respectively as follows:

- 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.
- 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 (during his term of office) without an excuse being accepted by the Board.

In accordance with the Company's Articles of Association, an absent Director may appoint a Director to represent him in attendance and voting, provided that no Director may represent more than one Director.

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 bylaws, the Board shall pass its resolutions by majority votes of attendants and representatives at duly constituted Board meetings with the required quorum in attendance. 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 member shall enter his objection in the minutes of meeting.

The actual practice of the Board of Director is consistent with the provisions of QFMA Governance Code with regard to passing resolutions in writing by circulation. However, the Company has convened an Extraordinary General Assembly meeting on 04/03/2018 to amend its AoA. The new amendment reads as follows: "The Board of Directors may, in case of necessity and on urgency grounds, pass resolutions in writing by circulation subject to written approval on such resolutions by all Directors. The resolution shall be deemed in force and effective for all purposes as if it was adopted at a duly called meeting of the Board. In all cases, the written resolution shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting."

### **3-8 Board Secretary**

Pursuant to Article no. 44 of the Company's Articles of Association, the Board or the Special Shareholder may take a decision to appoint a Board Secretary (Company 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 authority and his annual remuneration.

The detailed roles and responsibilities of the Board Secretary are set forth in detail in the Corporate Governance Framework Board of Directors Job Descriptions. These roles and responsibilities fit the main role 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 members

in a timely and appropriate manner.

The Secretary ensures that Board documents are safely maintained and Board meeting agendas, invitations, other required documents, meeting minutes and resolutions are distributed and safely maintained. The Secretary is also responsible for providing orientation material and scheduling orientation sessions for the new Board members.

The current Board Secretary has a legal experience that spans more than 12 years. In addition, the Secretary has long experience in handling the affairs of listed companies.

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

In implementing governance, the Board of Directors established Board Committees and Special Committees and delegated to these committees some powers and authorities to carry out certain functions 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. Board Committees are as follows:

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

The Board Audit Committee (BAC) was originally formed 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 following Board reconstitution. The BAC presently comprises of 3 members, chaired by a Board Director, all of whom have the required experience necessary to effectively perform their duties and exercise the functions of 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.

BAC Terms of Reference, which form part of the Corporate Governance Framework, were prepared in line with QFMA Governance Code and the leading governance practices. Committee responsibilities include financial aspects, external and internal audits, internal controls, compliance, risk management and all other aspects within the competence and mandate of the Committee.

BAC Committee periodically report to the Board of Directors on its activities, issues and related recommendations, particularly with regard to the review and endorsement of the quarterly, semi-annual and annual financial statements, as well as internal and external audit reports, internal control system and risk management.

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. To comply with the provisions of QFMA Governance Code, the Board of Directors at its first meeting of 2018 has reviewed and approved Committee's amended Terms of Reference. Meeting frequency was also amended to become (6) meetings instead of (4) meetings. During 2018, Committee met 5 times.

The BAC presently comprises of three members. The members of the BAC are:

Name of BAC member	Role
Mr. Abdulaziz Mohammed Al-Mannai	Chairman
Mr. Abdulla Ahmad Al-Hussaini	Member
Mr. Ayoob Olia	Member

All BAC members are IQ Board members, except for Mr. Ayoob Olia, who serves as QP Corporate manager - Internal Audit. Mr. Olia has long and extensive experience that is required to properly carry out his duties and effectively perform the functions of the Committee.

### **3-9-2 Remuneration Committee**

As part of its efforts to comply with the provisions of QFMA Governance Code, the Company established a Remuneration Committee pursuant to Board resolution no. 1 of 2018. Committee was then reconstituted on 10/02/2019 pursuant to resolution no. 1 of 2019 following the appointment of the Nomination Committee Chairman as the Chairman of the BAC Committee.

Committee presently comprises of three members, chaired by a Board member. The other two members also have the required experience to efficiently carry out their duties and perform the functions of the Committee.

Committee Chairman is not a Chairman of any other Board Committee, and the BAC Chairman cannot represent a member of the Remuneration Committee.

Committee's Terms of Reference were prepared in line with QFMA Governance Code and the leading corporate governance practices. The responsibilities of the Committee include setting the foundations of granting remunerations for the Chairman and Board members, and any remunerations, allowances or incentives to be paid to the senior Executive Management, taking into consideration the requirements of relevant regulators.

When determining the proposed remuneration, Committee takes into account the duties and responsibilities of Board Directors and members of the senior Executive Management' respective functions, the Company's performance and benchmarking with the best practices of the similar companies listed on the Qatar Exchange.

Committee reports to the Board of Directors on its activities, issues and related recommendations.

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.

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

The Company has developed a periodically revisited remuneration policy for Board members. The policy has fixed component for Board membership and attending meetings and performance-related variable component. The main principles of this policy are set forth in the Corporate Governance Framework. The proposed remuneration of Board members shall be presented to the General Assembly for approval.

### **Remuneration of senior management**

All financial, administrative and head office services are provided by resources from Qatar Petroleum 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 presently comprises of three members. A meeting was held to consider the proposed remuneration of the Board of Directors for the financial year ended 31 December, 2018. Board remuneration was approved by the General Assembly held on 04/03/2018 with a total amount of QR 7,750,000 for all Board members. As for Board Committees, no remuneration or allowance is paid for membership or attending meetings. The members of the Committee are:

Name of Committee member	Role
Mr. Abdulla Ahmad Al-Hussaini	Chairman
Mr. Abdulrahman Al-Suwaidi	Member
Mr. Mohammed Jaber Al-Sulaiti	Member

All Committee members are IQ Board members, except for Mr. Mohammed Jaber Al-Sulaiti, who serves as the Manager of the Privatized Companies Affairs Department, Qatar Petroleum. Mr. Al-Sulaiti has long and extensive experience that is required to properly carry out his duties and effectively perform the functions of the Committee.

### 3-9-3 Nomination Committee

No Nomination Committee was established (contrary to Article no. 18 of QFMA Governance Code), as IQ Board of Directors, in accordance with the Company's Articles of Association, shall consist of up to eight (8) Directors, all of whom may be appointed by the special shareholder (Qatar Petroleum) for many reasons mentioned above that show how closely the Company's financial and operational performance is connected to Qatar Petroleum.

### 3-10 Assessment of Board Performance

The Board of Directors conducts an annual self-assessment 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 are consistent with the long-term interests of the shareholders and meet their following expectations:

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.

During 2018, the Board has performed the tasks and dispensed business decisions within its authorities as provided in Board Charter. The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate as set out in its Charter.

## 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 consists of 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 framework is overseen by the senior Executive Management, 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, Board Audit Committee has decided that the Internal Auditor should conduct a benchmarking study of the components of the Company's current internal control system against the internationally recognized COSO framework of internal control with a view to apply it as a benchmark framework. COSO framework on Internal Control over Financial Reporting consists of inter-related areas, which are control environment, risk assessment, control activities, information and communication, 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 on 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.

Further, the benchmark framework will enable the management to establish and maintain an internal control system and for auditors to perform their duties in accordance with Article (24), in particular with regard to the assessment of the appropriateness and effectiveness of the applicable control systems.

To comply 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 has requested the Internal Auditor to evaluate and assess the Company's internal controls over financial reporting. 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 financial controls over financial reporting.

The Internal Auditor team completed a risk assessment for all business processes based on the IQ's 2017 standalone financial statements. Further, the Internal Auditor applied the "Materiality" on IQ's 2017 standalone financial statements based on external auditor input and the best practices to determine the material business processes, significant accounts and disclosures and their relevant assertions within the Company. 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 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.

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 and selects for testing those controls that sufficiently address the assessed risk of misstatement to each relevant assertion. This process can be summarized as follows:

Risk assessment:

1. Identifying and assessing the risks of material misstatement.
2. Determining materiality while planning and performing the audit, risk, and other factors relating to the determination of material weaknesses.
3. Identifying classes of transactions, account balances and disclosures that need to be considered for test of design and operating effectiveness.

### **Perform walkthrough:**

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.

Following the risk assessment, the Internal Auditor conducted control testing on each of the processes to assess if they are operating effectively. Control testing encompasses three components: design effectiveness testing, operating effectiveness testing, and ongoing monitoring. At this stage, testing of design effectiveness is carried out and the operating effectiveness will be evaluated later.

### **Testing controls - Testing 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 internal financial controls system over financial reporting in place.

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

As agreed with the Company's External Auditor, operating effectiveness testing of the controls will be tested later to assess if the key controls (identified during testing of design effectiveness) are operating as intended during the entire period of financial statement reporting.

### **Evaluating identified deficiencies:**

A 'deficiency' in internal financial 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 of 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.

### **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 Effectiveness, the Internal Auditor believes that the Company has developed an appropriate internal control framework that meets the requirements of the internal control over financial reporting. Further, Internal Auditor and IQ Senior Management believes that the developed framework is suitable to form the basis for compliance with the requirements of Qatar Financial Markets Authority in this regard. However, the Internal Auditor has identified improvement opportunities to strengthen and ensure Company's internal control over some support service business processes (Human resources and IT systems and operations management), which are currently provided by Qatar Petroleum based on a service-level agreement.

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, Qatar Petroleum' rules and regulations on risk management are applied. However, the Board of Directors endeavors to maintain an appropriate risk management framework. Risk management is an integral part of the governance of the Company as expected by shareholders.

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. Risk 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, ie. 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**

Industries Qatar periodically floats a tender for the engagement of an independent consultant to provide internal audit services in accordance with the tendering procedures. Offers are received by a formed Tender Committee. Upon considering the technical and commercial offers, the Tender Committee makes its recommendations to the relevant officials on selecting the appropriate consultant. A consultant was appointed on 12/4/2016 to provide the Company and its subsidiaries, as instructed by the Board Audit Committee, with internal

audit services as a “service provider”. The Internal Auditor considers risk assessment at both the Company and subsidiaries levels, then they draw up an appropriate audit plan and follow up on the implementation of the outstanding observations and related corrective management plans.

The Internal Auditor has access to the Company’s activities and all data are provided as and when requested. The Internal Auditor verifies control systems, financial oversight and risk management.

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.

Internal audit reports are prepared by the Internal Auditor in accordance 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 on audit results, follow up and current status of the Executive Management’ plans of the corrective actions to address any weaknesses in the internal controls, risk assessment results and the applied systems. The Executive Management shall receive a copy of the report to take the necessary corrective actions as instructed by the Board Audit Committee.

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

The Board Audit Committee examines and evaluates offers received from external auditors registered in QFMA external auditors’ list. Thereafter, Committee submits its recommendation to the Board on selecting an external auditor for appointment. Immediately after the Board approves the recommendation, it shall be included in the agenda of the Company’s General Assembly.

The General Assembly shall appoint an 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 its 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 External Auditor provides assurance that the financial statements were properly and fairly prepared in accordance with the international accounting and auditing standards. The External Auditor reports on observations made on significant financial issues and applied financial controls.

The External Auditor attended and submitted its report to the General Assembly of 2017 held on 04/03/2018.

Taking into account the requirements of Article no. 24 of QFMA Governance Code, Industries Qatar made an agreement with the External Auditor, Pricewaterhouse Coopers, to perform the required audits in accordance with the aforementioned article. The External Auditor’s activities include internal control and performance assessment, particularly with regard to appropriateness and effectiveness of the applicable internal control systems and internal controls over financial reporting and Company's adherence to its Articles of Associations and compliance with the provisions of the Law and QFMA’s relevant legislations, including the provisions of the Governance Code for Companies and Legal Entities Listed on the Main Market. The External Auditor’s report for 2018 in this regard will be submitted to QFMA and the Company’s management to take the required corrective actions, if any.

#### **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 regula-

tory governance requirements is developed and implemented.

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 the risks of non-compliance.

The Compliance Section continuously monitors changes to governance regulations and best practices, and periodically informs the Board of 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.

At subsidiaries level, which is not the subject of the report, each group subsidiary is independently managed, in accordance with the agreements under which it was established with other partners, by a Board of Directors having the necessary powers to manage and exercise its duties in full accordance with its fiduciary responsibility, guaranteeing the protection of all shareholder rights of different classes. Each subsidiary also has its own systems and internal controls, including risk management systems, which are overseen by the subsidiary's Board of Directors, Board committees and other relevant executive committees, such as audit committees, institutional risk management committees and governance and compliance committees. All of this contributes positively to creating a control environment in line with the best standards and practices.

Moreover, Industries Qatar appoints only qualified and eligible Directors – its representatives to subsidiaries – who are sufficiently experienced to perform their duties effectively in the best interest of the subsidiary and dedicated to achieving its goals and objectives. Upon appointment, a Director will be fully responsible to the subsidiary, in which he holds a seat on its Board, and shall be held accountable for his decisions to Industries Qatar as a shareholder in the General Assembly meeting, 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](http://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.

During 2018, no violations were committed and no fines or penalties were imposed by a regulator. No legal case was filed by or against the Company.

Disclosure by the Company is made in accordance with specific procedures approved by the 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 regulations.

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 Board complies with the principles of QFMA Governance Code in terms of disclosing any dealings and transactions 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 transactions with Related Parties are disclosed in the notes to the Company's financial statements, which are published in the local newspapers and posted on the Company's website.

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

Further, the Company developed a policy on Related Party transactions in its Corporate Governance Framework. Such policy takes into account 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 approval 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.

## **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.

Pursuant to the Company's 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 Company's interests.

Moreover, Directors and employees / service providers understand that all information related to Industries Qatar, its subsidiaries and customers is confidential and only used for the Company's purposes. Using such information for personal or family purposes or for other benefits 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 ex officio or temporarily in carrying specific duties for the Company. By virtue of his office, the 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 Exchange.

The Company updates Qatar Central Securities Depository (QCSD) with details of the insiders, Directors and members of the Company's Executive Management, so that Qatar Exchange could ban their trading on the Company's shares according to the applicable rules in this regard, and to disclose these tradings on a daily basis.

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 to them.

## 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 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.

However, the Company, in its endeavor to bring its official documents in line with the new QFMA , has convened an Extraordinary General Assembly meeting on 04/03/2018 to amend its AoA 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."

The Board of Directors and the Company's employees are making efforts to establish constructive relationship and maintain communication with shareholders and investors so that they can make the right investment decision 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) arranging meetings to discuss their queries on the Company's performance, (c) attending events and conferences, and (d) establishing and maintaining strong partnerships with newspapers and other media.

### 6-2 Register of shareholders

The register of shareholders is kept and updated by Qatar Central Securities Depository (QCSD). Under the agreement between Industries Qatar and QCSD, 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. Consistently, the Company, in its endeavor to bring its official documents in line with the new QFMA Governance Code, has convened an Extraordinary General Assembly meeting on 04/03/2018 to amend its AoA by adding a provision on managing the Register of Shareholders as follows: "The Register of Shareholders shall be managed in accordance with the applicable rules and procedures of the relevant stock exchange."

### 6-3 Shareholder rights to access information

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

In 2017, the Company launched its revamped and updated website ([www.iq.com.qa](http://www.iq.com.qa)) in line with the modern display techniques to better serve its shareholders and all related parties. All disclosures, including financial reports, press releases and corporate governance reports, are published on the website.

Qatar Stock Exchange and Qatar Financial Markets Authority are provided with the details of contact person. Further, an email account ([iq@qp.com.qa](mailto:iq@qp.com.qa)) was created to receive any inquiries or questions from the Company's shareholders. The Company has a dedicated team to meet with shareholders to discuss its financial and operational performance. The Company also seeks views and consider assessments and suggestions from the institutional and individual shareholders, with whom it maintains regular communication.

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

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

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

In accordance with QFMA instructions, each shareholder, whose name is entered in the shareholders' register at the close of the business on the same day of the General Assembly of the Company and who is present in person or duly represented by a proxy, is entitled to attend the General Assembly meeting. Such shareholder shall have one vote for each share held by that shareholder. However, the Company, in its endeavor to bring its official documents in line with the new QFMA Governance Code, has convened an Extraordinary General Assembly meeting on 04/03/2018 to amend its AoA by adding the following:

- The right of the registered shareholder to attend the General Assembly meeting, in person or by a proxy or legal deputy, at the end of trading session on the day on which the General Assembly is convened.
- The right of the shareholder to appoint by a proxy executed in writing another shareholder who is not a Director to attend the General Assembly on his behalf; provided that shareholder by proxy shall not own more than (5%) of the Company's share capital.
- The right of minors and those who are in custody to attend the General Assembly meeting by their legal representatives.
- The right of the shareholder (s) who owns at least (10%) of the Company's share capital, for serious grounds, to request an invitation to convene General Assembly. The right of the shareholders representing at least (25%) of the Company's share capital to invite Extraordinary General Assembly to convene pursuant to the procedures prescribed by the Law and the regulations in this regard.

### **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 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.
- The Company announces the agenda for its meeting in the local newspapers and on its own website. It also communicates the agenda to Qatar Exchange for announcement on its website.
- Enables shareholders to directly pose questions to Board members, 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 shareholders with a mechanism to vote in person or in proxy. Equal effect should be given to votes whether cast in person or in proxy.

As part of the efforts made to bring its official documents in line with QFMA Governance Code, the Company has convened an Extraor-

dinary General Assembly meeting on 04/03/2018 to amend its AoA by adding the following Article:

“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 these Articles in this regard.”

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

As previously indicated, IQ Board of Directors, in accordance with the Company’s amended Articles of Association, shall consist of up to eight (8) Directors, all of whom may be appointed by the special shareholder (Qatar Petroleum). Accordingly, the Company’s AoA make no explicit provisions on the election of Directors and the procedures for nomination, voting and appointment.

Qatar Petroleum 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. Qatar Petroleum makes timely disclosure of its 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 28/02/2017, pursuant to the resolution of the Extraordinary General Assembly held on 04/03/2018 and without prejudice to the Company’s ability to fulfill its obligations towards third parties and pursuant to a resolution of 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 the dividend shall not exceed the amount recommended by the Board.

The main lines of the dividend distribution policy, as described in the Company’s Corporate Governance Framework, are explained in the attachments to the meeting agenda of the Company’s General Assembly.

In general, such policy requires the Company to balance shareholders’ expectations with its operational and investment needs by considering the following factors before presenting the proposed dividend distribution 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: investment plans of IQ 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 distribution is subject to the final approval of the General Assembly.

The Company, through its agreement with a local bank, makes it easier for the entitled shareholders to receive their dividends for the current year and previous years. Shareholders can visit any of the bank branches to receive their dividends in cash, transfer these dividends to their accounts or receive dividend cheques.

The Company’s website is periodically updated with unclaimed dividends and required documents for collection.

#### **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.

As part of the efforts made to bring its official documents in line with QFMA Governance Code, the Company has convened an Extraordinary General Assembly meeting on 04/03/018 to amend its AoA by adding the following Article:

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

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

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

Moreover, the Company has convened an Extraordinary General Assembly meeting on 04/03/2018 to amend its Articles of Association by adding an article on the mechanism for determining the Non-Qatari ownership percentage to a maximum of forty- nine percent (49%) of the portion of the shares listed on the Qatar Exchange.

Details of shareholdings in IQ share capital could be obtained from Qatar Central Securities Depository as per the register of shareholders. Details of major shareholdings as of 31 December, 2018 are as follows:

Shareholder	Percentage of Shares (%)
Qatar Petroleum	51.00%
Pension Fund - General Retirement and Social Insurance Authority	15.96%
Military Pension Fund	4.88%
Qatar Investment Authority	2.20%
Other Shareholders	25.96%
Total	100%

IQ will continue to rely on QCSD to obtain valid up-to-date record of shareholdings. As per the information obtained from QCSD dated 31 December 2018, 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)

Industries Qatar safeguards and respects its stakeholders' rights. Each stakeholder may request the information related to his interest with attaching a proof-of-capacity. 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. 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](http://www.iq.com.qa)) to report mal-

practice, unlawful or unethical behaviour.

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, one of the largest industrial conglomerates in the region and listed on the Qatar 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 subsidiaries, the Company contributes significantly to the comprehensive economic development, social welfare, environmental protection, job creation, and more importantly, enriching the lives of Qataris.

Qatar Petroleum, the founder and special shareholder, ensures, through its technical and head office support provided to the Company and its subsidiaries, 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.

From its incorporation to-date, the Company has invested more than QR 22 billion in various projects, resulting in overall enhanced productive capacity, increased cash flow from exports and new job opportunities for Qatari nationals. These investments have also contributed to making profits and distributing additional dividends, as well as supporting the group's excellent financial and operating performance, which is particularly reflected in the positive credit rating granted to the Company by the largest rating agencies.

These profitable investments enabled the group to distribute, from its inception to date, a total dividend of QR 47.3 billion or QR 84.5 per share, with an average payout ratio of approximately 66%. Moreover, 10% bonus shares were issued on two previous occasions, resulting in increase of share capital from 500 million to 605 million shares.

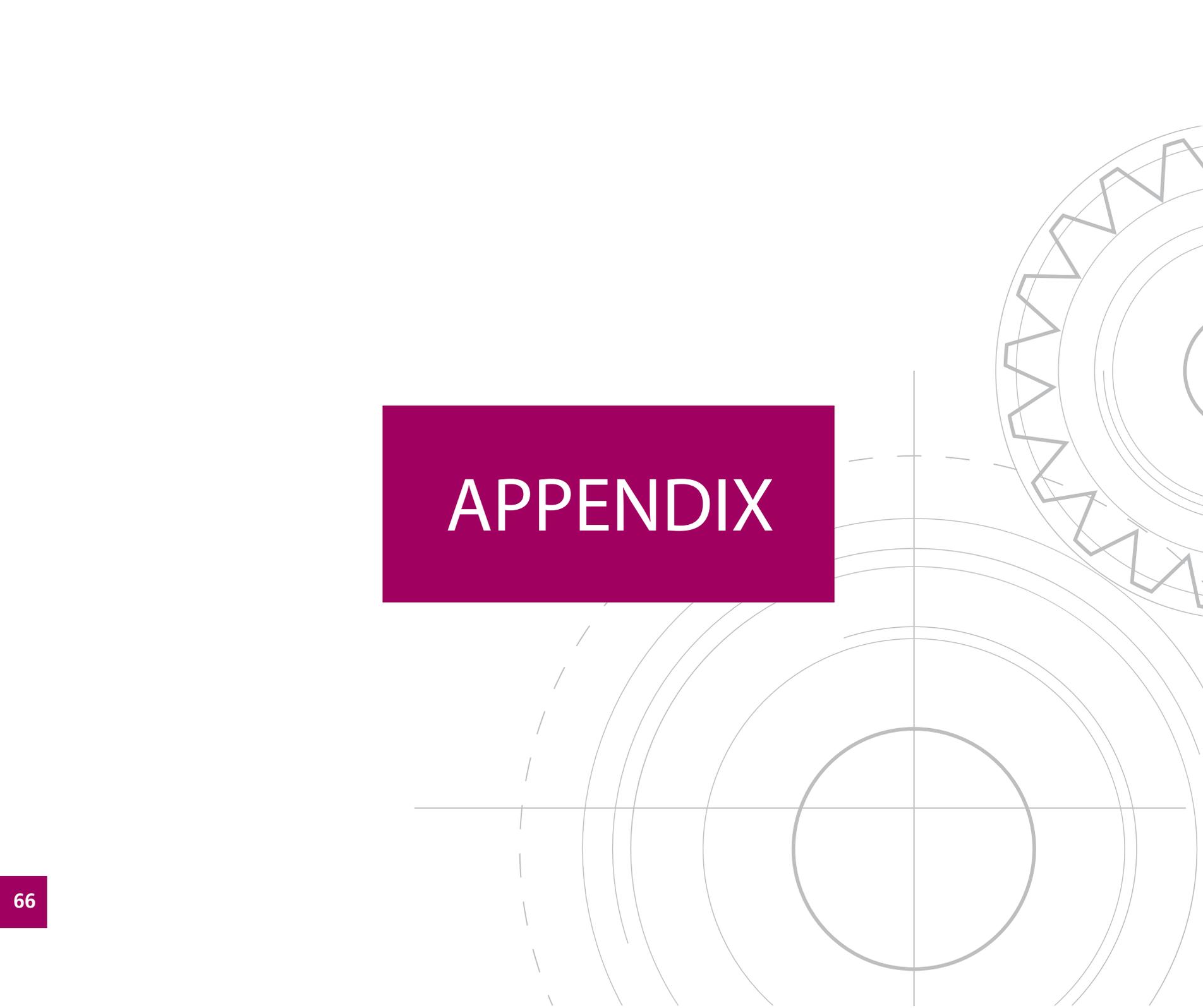
## **Conclusion**

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.

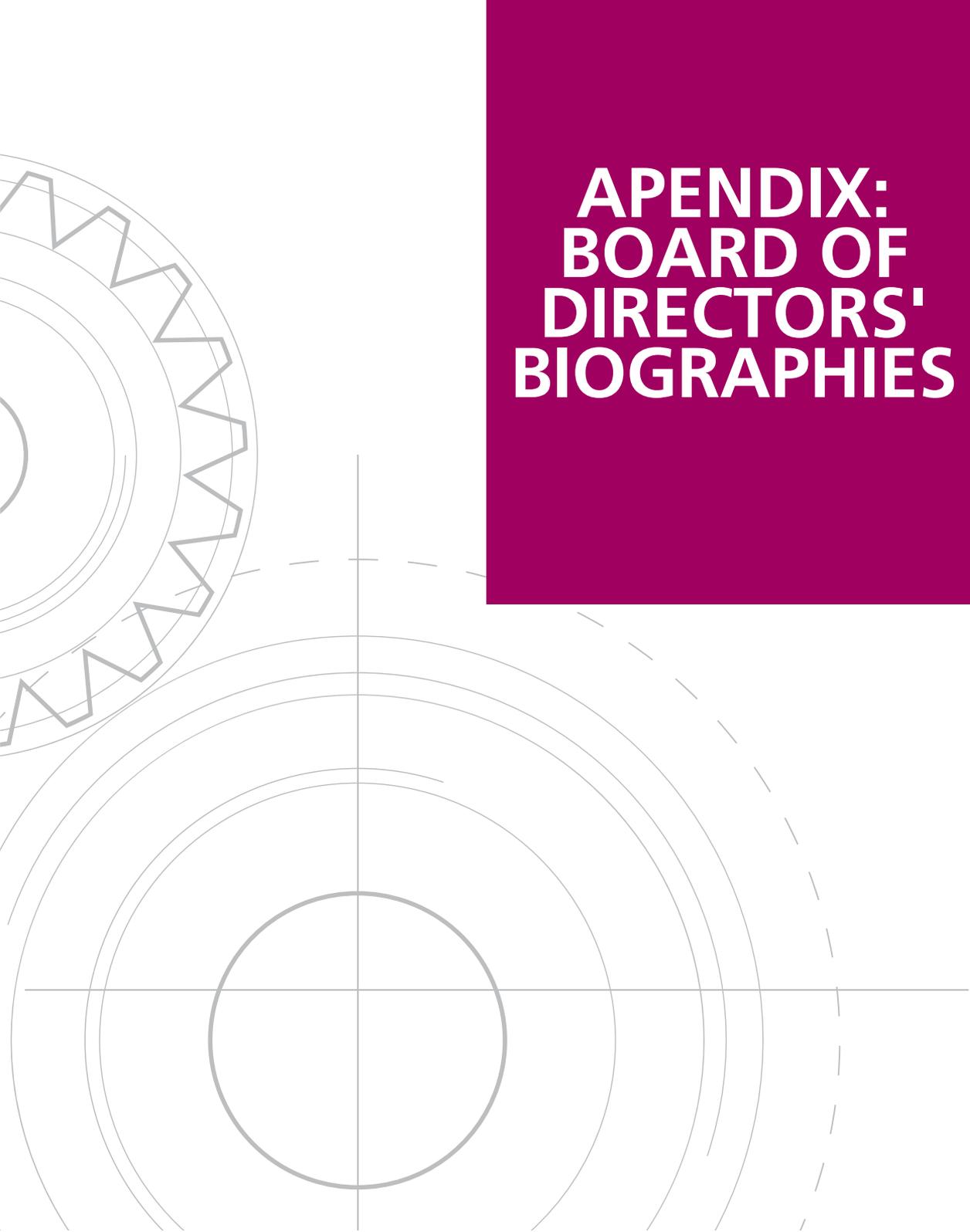
The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate during 2018 as set out in its Charter and relevant legislation. The Board exercises due diligence and care in managing the Company in an effective and productive manner to achieve the interest of the Company, all shareholders and stakeholders in a balanced manner.



**Saad Sherida Al-Kaabi**  
Chairman and Managing Director

The background features a technical drawing style with several overlapping circles and a vertical line. On the right side, there is a gear-like shape with a jagged, sawtooth-like outer edge. A dashed line extends from the center of this gear towards the left, passing through the center of a large circle. Another dashed line is visible on the left side of the page, extending from the bottom towards the center.

# APPENDIX



# APENDIX: BOARD OF DIRECTORS' BIOGRAPHIES



**His Excellency Mr. Saad Sherida Al-Kaabi**

Minister of State for Energy Affairs,  
Chairman and Managing Director

**Qualifications and Experience:**

Mr. Saad Sherida Al-Kaabi obtained a Bachelor of Science degree in Petroleum & Natural Gas Engineering from Pennsylvania State University in the USA, in 1991.

Mr. Al-Kaabi joined Qatar Petroleum in 1986 as a student. Immediately after graduation, he joined Qatar Petroleum's Reservoir & Field Development Department, where he progressed through various petroleum engineering, technical, commercial and supervisory positions. He then became the Manager of Gas Development responsible for North Field management and development, where he and his team played a key role in the rapid launch of many mega gas projects based on the most up-to-date technologies, which were implemented in record time, making a major contribution towards Qatar's rapid rise to becoming the LNG and GTL capital of the world. He also oversaw the building of several large gas pipeline projects domestically and for export.

In 2006, Mr. Al-Kaabi was appointed as the Director of Qatar Petroleum'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 Qatar Petroleum's President and Chief Executive Officer, where he oversees Qatar Petroleum'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 Qatar Petroleum, in addition to his position as President & CEO.

**Other positions\*:**

Nil

**Number of shares in IQ:**

Nil



**Abdulaziz Mohammed Al-Mannai**

Vice Chairman

Non-Executive / Non-Independent

**Qualifications and Experience:**

Mr. Abdulaziz Mohammed Al-Mannai obtained Diploma in Aeronautical Engineering from Qatar Aeronautical College in 2002.

Mr. Abdulaziz joined Qatargas in 2004 as Human Resources Supervisor.

He also held the position of Head of Human Resources in the Expansion Projects and The Human Resources Manager for Qatargas.

He currently works for QP as an Executive Vice President – Human Capital where his job focuses on all aspects that relate to the “People” part of the Oil & Gas industry.

**Other positions\*:**

MPHC Board member

**Number of shares in IQ:**

Nil



**Abdulla Ahmad Al-Hussaini**  
Member  
Non-Executive / Non-Independent

**Qualifications and Experience:**

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

Mr. Al-Hussaini currently holds the position of Qatar Petroleum's Executive Vice President – Marketing. Prior to joining QP in September 2016, he worked for Qatargas where he held several LNG Marketing roles, including Marketing Director from 2011 to 2016.

**Other positions\*:**

Nil

**Number of shares in IQ:**

Nil



**Dr. Mohammed Yousef Al-Mulla**  
Member / Executive

**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



**Abdulrahman Mohamed Al-Suwaidi**

Member / Executive

**Qualifications and Experience:**

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

Mr. Al-Suwaidi is currently the CEO of Qatar Fertiliser Company (QAFCO).

He joined Qatar Petroleum in 1987 and held a variety of technical and operational posts in Qatar Petroleum's onshore operations.

Between 1998 and 2007, Mr. Al-Suwaidi held two managerial positions responsible for QP'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.

In January 2007, he was seconded to ORYX GTL as the Deputy General Manager overseeing the management of the world's largest LTFT GTL plant. In January, 2009, he was appointed as ORYX GTL's CEO.

Mr. Al-Suwaidi is also serving as Chairman of the Board of Directors for Qatar Chemical Group Companies Ltd, Member of the Board of Directors of QAFCO and Muntajat. He is also a Member of the National Human Rights Committee (NHRC).

**Other positions\*:**

Nil

**Number of shares in IQ:**

1210



**Khalid Sultan Al-Kuwari**

Member / Executive

**Qualifications and Experience:**

Mr. Khalid Sultan Al-Kuwari has a B.Sc. in Natural Gas Engineering from Texas A&M University-Kingsville in 1997, and an EMBA from HEC-Paris in Doha in 2014.

Mr. Al-Kuwari has been appointed as CEO of Qatar Fuel Additives Company (QAFAC) on April 2017.

Before joining QAFAC, Mr. Al-Kuwari spent 20 years with RasGas. As Chief Marketing & Shipping Officer, he led the group responsible for RasGas' global LNG commercial and marketing activities, economic and market analysis, production planning, and shipping operational and scheduling activities.

Mr. Al-Kuwari joined RasGas in 1997 as a Petroleum Engineer and has held leading positions in the company's Reservoir Engineering, Petroleum Operations and Technical Planning departments. In 2003, he was assigned to LNG Marketing as Marketing Manager and as a member of the RasGas Marketing Committee. In 2007, Mr. Al-Kuwari was appointed Marketing Executive, and his scope of responsibilities further expanded in 2011 to include Production Planning and Allocation, Sales Contract and the management of the RasGas shipping activities with a fleet of 27 LNG carriers.

Mr. Al-Kuwari is a Board Director of QAFAC, Muntajat, and the Vice Chairman of the board for Gulf Drilling International. He was also a Board Director for Qatalum, South Hook Gas (UK) and Adriatic LNG (Italy).

**Other positions\*:**

Nil

**Number of shares in IQ:**

Nil



**Mohammed Nasser Al-Hajri**

Member / Executive

**Qualifications and Experience:**

Mr. Mohammed Nasser Al-Hajri holds a Master's degree in Gas Engineering from University of Salford in the United Kingdom and Bachelors' degree in Chemical Engineering from Qatar University.

He joined Qatar Petroleum in 1991 and brings a wealth of experience over more than twenty six (26) years of experience in upstream and downstream.

Mr. Al- Hajri held different leadership roles in Qatar Petroleum (QP) and his last position was Executive Vice President of Downstream Development Directorate of Qatar Petroleum and Vice Chairman of Industries Qatar Co. (IQ). He is currently VC of Qatar Fuel-WOQOD (QSC), the Chairman of Ras Girtas Power Company , the Chairman of Qatar Fuel Additives Company (QAFAC) and Managing Director and General Manager of Qatar Steel Company.

**Other Positions\*:**

Vice Chairman, Woqod

**Number of shares in IQ:**

6077

\*Positions of Board members on the Boards of other companies listed on the Qatar Exchange. IQ Board members may also have positions in other entities / companies.

