



شركة قطر للكيماويات المحدودة
QATAR CHEMICAL COMPANY LTD.

SOLID SUSTAINABILITY PERFORMANCE

2018
SUSTAINABILITY
REPORT

 **RLOC**
شركة راس لفان للأوليفينس المحدودة
Ras Laffan Olefins Company Limited



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ABOUT THIS REPORT

This is the fifth annual sustainability report for the Q-Chem companies highlighting the activities and economic, environmental and social performance of all three Q-Chem operated facilities:

- Qatar Chemical Company Ltd. (Q-Chem)
- Qatar Chemical Company II Ltd. (Q-Chem II)
- Ras Laffan Olefins Company Ltd. (RLOC)

In this report, we share information about the companies' progress in the areas of health, safety, environment, product quality and stewardship, human capital management, community outreach and economic performance.

SCOPE OF THE REPORT

Certain sections contain reporting on a consolidated basis that encompasses the three companies listed above. The scope of reporting, whether non-consolidated or consolidated, is indicated in each instance. Activities of the three operational facilities are referred to in aggregate form as "Q-Chem companies", while the performance of each facility is presented separately where applicable.

REPORTING PERIOD

The report covers the 2018 calendar year

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DISCLAIMER

This report contains not only past and present facts but also includes statements that may be deemed as "forward-looking statements", which express the way in which Q-Chem intends to conduct its activities. Forward statements could be identified by the use of forward-looking terminology such as "plans", "aims", "assumes", "continues", "believes", or any variations of such words that certain actions, events or results "may", "could", "should", "might", "will", or "would" be taken or be achieved.

We have made every effort to ensure the report is as accurate and truthful as possible. However, by their nature, forward-looking statements are qualified due to inherent risks and uncertainties surrounding future expectations that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond Q-Chem's ability to control and therefore do not represent a guarantee that events implied in these forward-looking statements will actually occur.

MESSAGE FROM THE CHAIRMAN

On behalf of the Board of Directors, I am honored to present Q-Chem's 2018 Sustainability Report, showcasing Q-Chem companies' sustainability performance.

Since the establishment of Q-Chem, the company has witnessed a culture of transformational growth in sustainability. This continued growth has led it to raise the bar year after year on its sustainability performance. Despite the many changes Q-Chem has and will continue to undergo, its commitment to sustainability has remained its top priority.

Further, at the top of Q-Chem's sustainability agenda rests the Qatar National Vision 2030 (QNV 2030). The QNV 2030 sets a clear roadmap to transform the State of Qatar into an advanced society that supports environmental, economic, human and social development. Q-Chem companies have long recognized the importance of achieving this Vision and have taken a leading and proactive role in contributing to its achievement. With this in mind, Q-Chem has aligned its sustainability framework with the QNV 2030.

Q-Chem takes pride in its commitment to transparency, accountability and integrity. Regularly engaging with stakeholders has been the cornerstone of Q-Chem's growth and success. The company recognizes the importance of maintaining dialogue with its stakeholders in order to achieve strategic objectives. As Q-Chem continues to transform, it looks forward to continuing to engage with its stakeholders every step of the way.

I take this opportunity to thank the Q-Chem shareholders, its Board of Directors, the Q-Chem family and its stakeholders for their continued support. Q-Chem has you to thank for its progress towards becoming one of the leading producers of quality petrochemical products in the world.

I hope that this report serves as a testament to Q-Chem's unwavering commitment to meet the needs of its diverse stakeholders and add value to the State of Qatar's ongoing sustainability ambitions. As you read through this report, Q-Chem welcomes your invaluable feedback on its sustainability performance.



Abdulrahman Al-Suwaidi
Chairman of the Board of Directors
Q-Chem Companies

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

It is with great pleasure and enthusiasm that I welcome you to our fifth annual Sustainability Report, highlighting the performance of Q-Chem companies in the health, safety, environment, product quality and stewardship, human capital management, community outreach and economic realms.

This is an exciting time for Q-Chem companies, with consistent production increases expected in the coming years. Our well-established sustainability strategy, guided by our Operational Management System, will ensure that as we expand our production, we will do so with utmost care and responsibility. In 2018, in order to better reflect our long-term goals, commitments, and company values, we updated our company charter.

In line with our commitment to continuous improvement, in 2018 we initiated the Operations Performance Enhancement (OPE), focusing on process and energy optimization, cost savings, and throughput improvements.

We are proud to report that 2018 marked our best sustainability performance to date. For the third year in a row, we achieved our best performance yet in terms of company-responsible reportable environmental events and upstream responsible events. We also implemented several environmental projects that contributed significantly to the reliability of the plant, process safety improvement and environmental performance.

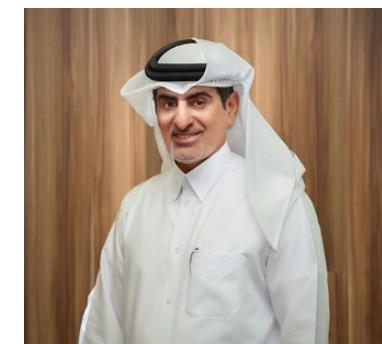
Moreover, we achieved our best safety performance in 2018. We conducted the most emergency drills thus far in 2018 and increased our total employee training for HSE topics by 46% compared to 2017. As a result of our efforts, we completed the year with zero Tier 1 and lowest ever Tier 3 Process Safety Events (PSER), and Employee Total Reportable Injury Rate (TRIR) of 0.0257 against our target of 0.12.

At Q-Chem companies, we recognize the integral role our employees play in the continued success of the companies. As a result, we have worked hard to maintain our status as employer of choice. We are pleased to report that in 2018, our employee satisfaction rate came out to 88%. Our employees' engagement with the companies is also reflected in the fact that in 2018, 48% of our total workforce had been with Q-Chem companies for more than 10 years.

We are committed to our corporate social responsibility, and ensure our endeavors have a positive social impact on society. This commitment has been embedded in the culture of our companies; as a result, our employee volunteering hours in 2018 more than doubled compared to 2017.

We are proud to consider ourselves significant contributors to the achievement of the Qatar National Vision 2030. In 2018, we reached our highest Qatarization rate yet, reaching nearly 23%. In recognition of these efforts, we received the Qatarization Award for 'Best Qatarization Progress' at the Annual Qatarization Review Meeting. We have also maintained our commitment to transitioning to brands that are "Made in Qatar". We are proud to showcase our successes in 2018.

As we continue to undergo significant changes and expansion, we look forward to continuing to raise the bar for a more sustainable performance.



Nasser Jeham Al-Kuwari
Vice Chairman & Chief Executive Officer
Q-Chem Companies

Q-CHEM COMPANIES AT A GLANCE

Qatar Chemical Company Ltd. (Q-Chem) was established in 1997 and began operations in 2004. With its associated companies, Qatar Chemical Company II Ltd. (Q-Chem II) and Ras Laffan Olefins Company Ltd. (RLOC), the Q-Chem companies produce high-value petrochemicals and derivatives from production facilities located in Mesaieed Industrial City and Ras Laffan Industrial City.

KEY FACTS ABOUT Q-CHEM COMPANIES



1,115
Employees



1.3m
MPTA
Production Capacity*



Headquartered in
DOHA

*Representing Q-Chem and Q-Chem II production only

QATAR CHEMICAL COMPANY LTD. (Q-CHEM)

After launching commercial operations in 2004, Q-Chem has become a world-class petrochemical plant that produces ethylene, high and medium density polyethylene (HDPE and MDPE), 1-hexene and other by-products using cutting-edge technologies provided by the Chevron Phillips Chemical Company, a leading producer of chemicals and plastics.

The Q-Chem complex has a production capacity of 500,000 metric tons per annum MTPA of ethylene, 453,000 MTPA of polyethylene and 47,000 MTPA of 1-hexene. The complex also consists of a sulfur recovery and solidification plant, a water treatment plant, a seawater cooling system, dock facilities and administrative buildings.



QATAR CHEMICAL COMPANY II LTD. (Q-CHEM II)

Located adjacent to Q-Chem in MIC, Q-Chem II began commercial operations in 2010 to meet the increasing demands of our customers in Asia, Europe and Africa.

Taking advantage of economies of scale, Q-Chem II produces 350,000 MTPA of HDPE and is the first full-range normal alpha olefins (NAO) unit with a production capacity of 345,000 MTPA. The NAO plant produces a full range of alpha olefins, including butene, hexene, octene, decene and higher-molecular-weight olefins up to C30+.



RAS LAFFAN OLEFINS COMPANY LTD. (RLOC)

Inaugurated in 2010 and operated by Q-Chem II, RLOC is a premier 1.3 million MTPA ethylene cracker plant located in Ras Laffan Industrial City. This industrial hub north of Doha is administered by Qatar Petroleum (QP) and serves as Qatar's main site for the production of liquefied natural gas and gas-to-liquids.

The ethylene produced by RLOC is transferred via a 135 km pipeline from Ras Laffan to Q-Chem II and Qatofin derivatives units in Mesaieed. Upon arriving in Mesaieed, 700,000 MTPA of ethylene are allocated to Q-Chem II and 600,000 MTPA to Qatofin.



In 2018, we redefined our corporate strategy, mission and values, not just to reflect the current global landscape but also to position ourselves as relevant to a sustainable future.



Q-Chem Vision and Mission

VISION

To grow sustainably and become the leader of world class operators in the petrochemical industry, aligned with Qatar National Vision by 2027.

MISSION

We are a joint venture between Mesaieed Petrochemical Holding Company, Chevron Phillips Chemical International Qatar Holdings LLC and Qatar Petroleum, operating in the petrochemical industry. We produce polyethylene, 1-hexene, and normal alpha olefins in a safe and environmentally friendly manner, creating opportunities for our employees and value for our customers, shareholders, and the State of Qatar.

CORE VALUES

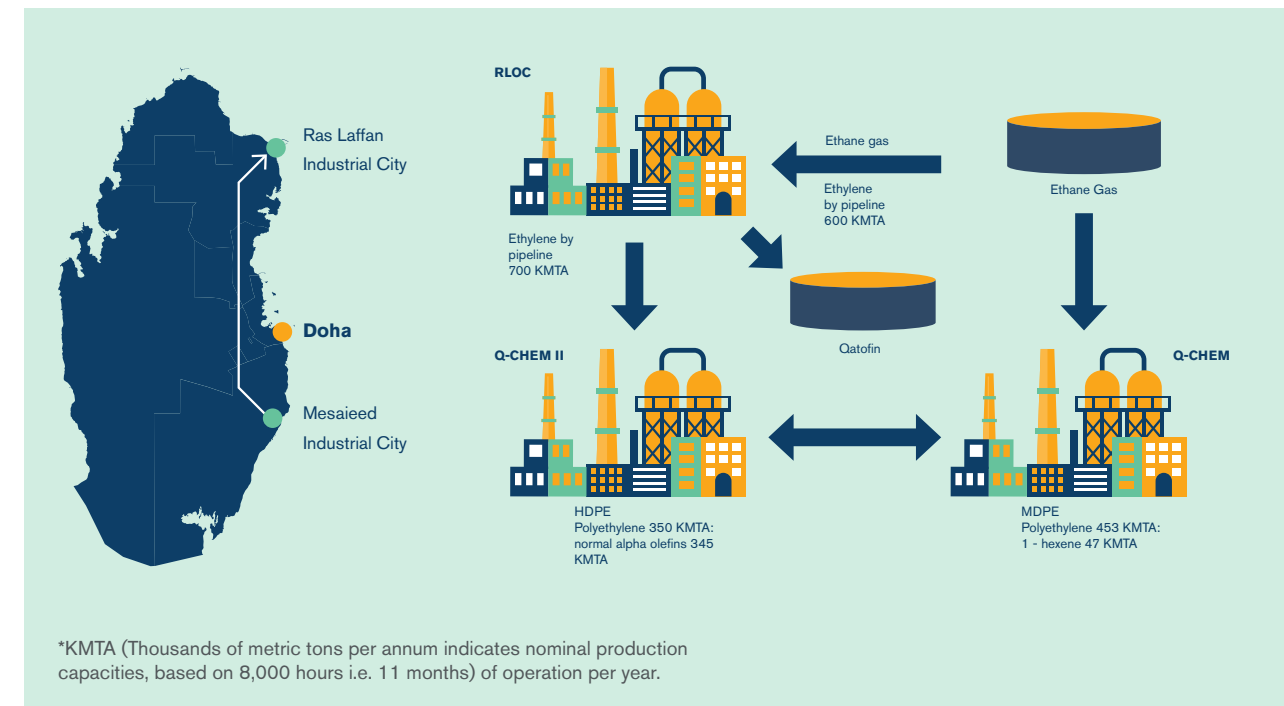
- Safety
- Care & respect for all people
- Pursuit of excellence
- Accountability
- Green company
- Social responsibility
- Trust & integrity



www.qchem.com.qa

OUR SUPPLY CHAIN

The diagram below illustrates the supply chain process and resulting goods produced by Q-Chem and its associated companies:



Q-Chem Core Values



SAFETY

Safety is our core value. At Q-Chem, safety means having a safe, and healthy workplace, protecting people, the environment, and assets. Safety is every employee's and contractor's responsibility. Everyone is empowered with the authority to stop any work they believe is unsafe, because at Q-Chem we work safely or not at all.



CARE & RESPECT FOR ALL PEOPLE

It's the Q-Chem way: Q-Chem cares for and respects our people, regardless of their gender, culture, language or beliefs.



PURSUIT OF EXCELLENCE

Q-Chem strives to achieve the highest standards in every aspect of our business: financial, operational, and support functions.



ACCOUNTABILITY

Q-Chem holds full accountability in every aspect of its business.



GREEN COMPANY

Q-Chem is committed in protecting and minimising the impact of our operations on the environment.



SOCIAL RESPONSIBILITY

Q-Chem already carries out some corporate social responsibility activities, but aims to go beyond this and to truly engage with, and support, local communities.



TRUST & INTEGRITY

Q-Chem fosters trust and integrity among our employees, shareholders, suppliers and contractors, customers, national authorities, and regulatory agencies.



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PRODUCT USES

Polyethylene

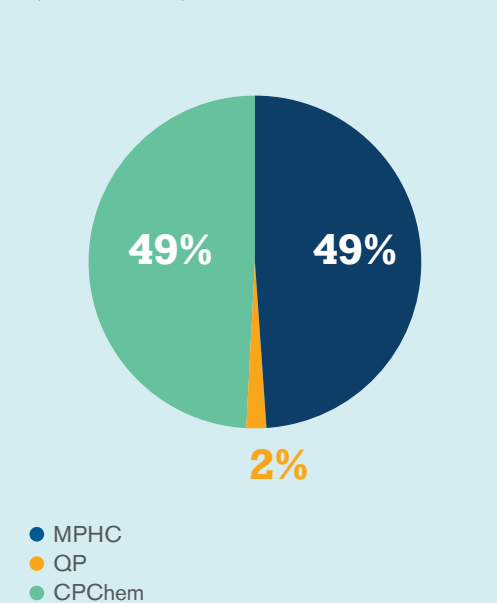
Polyethylene (PE) is a versatile thermoplastic resin that may be converted into a variety of fabricated articles used in containers, pipes, films and geomembrane sheets as well as durable applications in the automotive industry. Films and molded articles may be used in items found in domestic, retail and industrial settings.

Normal Alpha Olefins

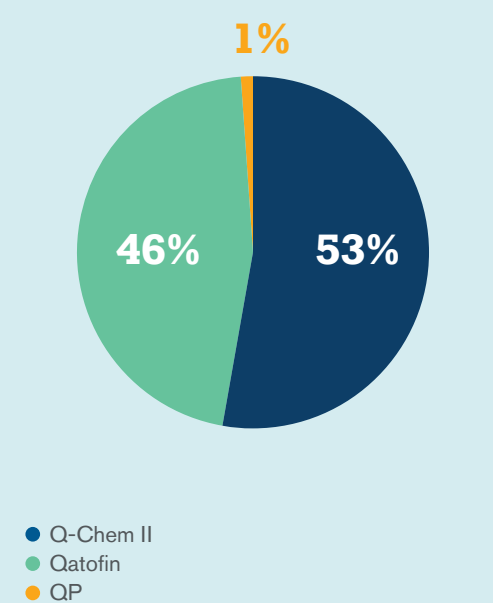
Normal alpha olefins (NAO) and their derivatives are used extensively as PE comonomers, plasticizers, synthetic motor oils, lubricants, automotive additives, surfactants and paper-sizing agents, and can be used in a wide range of specialty applications.

OWNERSHIP STRUCTURE

Q-Chem and Q-Chem II



RLOC

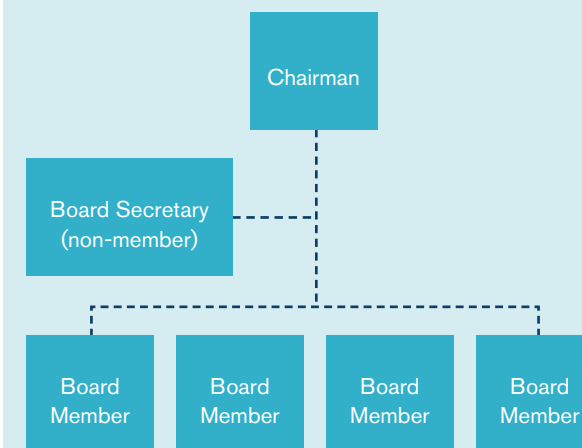


CORPORATE GOVERNANCE

We are committed to strong corporate governance. Board members, who are selected directly by our shareholders to represent them, meet periodically during the year to discuss each company's performance and address areas of concern. Board committees work to ensure the utmost accountability and integrity of each company. As part of our commitment to transparency, our governance bodies and operations are subject to regular internal and third-party audits.

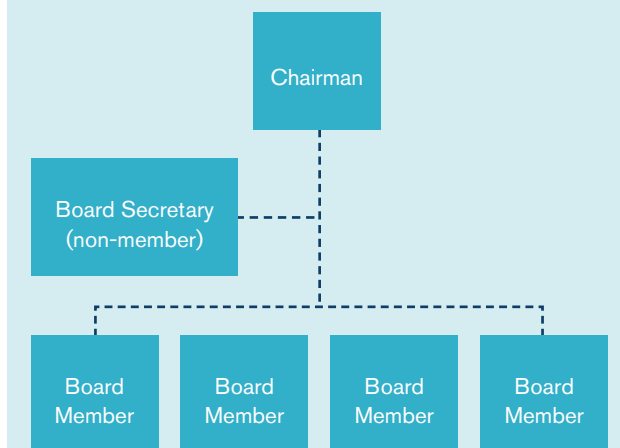
Q-Chem & Q-Chem II - Board of Directors

Q-Chem and Q-Chem II have similar layout for the Board of Directors, which consists of five members: Chairman (a designate of MPHC); Vice Chairman (an appointee of the Board and representative of MPHC); and one representative of QP; two representatives of CPCChem; and Board Secretary (appointed by the Board).



RLOC - Board of Directors

The RLOC Board of Directors consists of five members: Chairman (appointed by QP); four members (two appointed by Q-Chem II and two appointed by QP); and Board Secretary (appointed by the Board members).



BUSINESS ETHICS

We take business ethics very seriously. We have a number of policies and standards, including our Code of Ethics, that set out our expectations for responsible behavior at all times. Every employee and contractor must abide by these policies and standards and complete a form in respect of "conflict of interest" each year to ensure they are maintaining compliance with the Code of Ethics.



SUSTAINABILITY MANAGEMENT

At Q-Chem, we are proud to have deeply embedded sustainability into our company culture and long-term business strategy. Sustainability lies at the core of our vision, mission, goals and values and we strive to integrate sustainability at all levels by continually finding ways to optimize our operations in line with our social, economic and environmental responsibilities.

SUSTAINABILITY FRAMEWORK

Our sustainability framework reflects the priorities and expectations of our stakeholders, our understanding of sustainability challenges and opportunities, and our long-term strategic objectives.



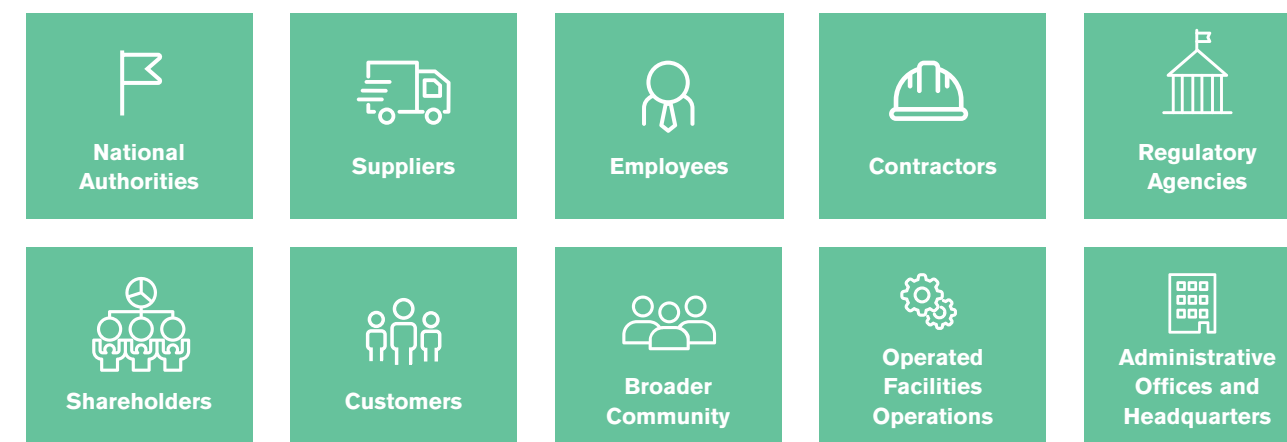
STAKEHOLDER ENGAGEMENT

Q-Chem companies aim to integrate input from all stakeholders. We understand that open and transparent communication is paramount to continued positive relationships with our stakeholders. As an example of the initiatives carried-out in 2018, we set up employee feedback kiosks that allowed employees to give valuable feedback that will help the company improve.

Q-Chem is initiating a program in 2019 called Continuous Improvement Program (CIP) enabling Q-Chem employees to suggest improvement opportunities with respect to safety, environment, cost optimization and business improvement perspectives.

Below are Q-Chem companies' main stakeholders. Further information about our key stakeholders, their expectations and the engagement methods are found in Appendix B.

OUR STAKEHOLDERS



QATAR NATIONAL VISION 2030 (QNV 2030)

Q-Chem Companies' vision and management approach are closely aligned with the goals of the QNV 2030, which is H.E. Sheikh Hamad bin Khalifa Al Thani's roadmap to propel Qatar forward towards a future of national growth and prosperity.

The energy and industry sector of Qatar is one of the key drivers of Qatar's economy, with petrochemicals playing an important role in policies centered on economic diversification and national economic development. We are proud to be a leader in the sustainable performance of the energy and industry sector in Qatar. The construction of Q-Chem II and RLOC in 2010 had contributed to the increase in our production capacities by more than two-and-one-half fold since Q-Chem's inception in 2004. Our commitment to developing people and promoting local markets in Qatar begins with our workforce, extends to young talents in schools and university, and market promotion through local procurement of services and materials. We made sustainability a priority early on, and take pride in our ongoing advancements in environmental stewardship and social responsibility. We are committed to maintaining a leadership role and contributing to the QNV2030.

MATERIALITY MAPPING

Our annual materiality assessment process helps us identify and assess our most important economic, social and environmental impacts. Our sustainability focus is on the areas that are most important to both our business and our stakeholder. We also detect areas where particular attention is required by our management team. We review and refine our materiality assessment every year. Personnel and process safety remain non-negotiable top priorities at Q-Chem companies.

Materiality Aspect	Administrative Offices and Headquarters	Operated Facilities Operations	Employees	Contractors	Shareholders	Suppliers	Customers	Broader Community	National Authorities	Regulatory Agencies
1. Personnel Safety	●	●	●	●	●			●	●	●
2. Process Safety	●	●	●	●	●			●	●	●
3. Economic Performance	●	●	●	●	●	●	●	●	●	
4. Occupational Health and Prevention	●	●	●	●	●				●	●
5. Flaring, Emissions and Venting	●	●	●		●			●	●	●
6. Qatarization and Education	●	●	●		●			●	●	●
7. Operational Excellence	●	●	●	●	●	●	●	●	●	●
8. Workforce and Training	●	●	●	●	●				●	●
9. Governance	●	●		●	●	●	●	●	●	●
10. Water Management	●	●	●		●			●	●	●
11. Regulatory Compliance	●	●	●	●	●	●	●	●	●	●
12. Contractor Welfare	●	●	●	●	●			●	●	●
13. Quality Control	●	●	●	●	●	●	●		●	●
14. Indirect Economic Impact	●	●	●		●		●	●		
15. CSR and Community Impact	●	●	●	●	●	●	●	●	●	●
16. Customer Satisfaction	●	●	●	●	●	●	●			
17. Products, Sales and Marketing	●	●	●		●	●	●		●	
18. Materials and Waste	●	●	●		●			●		●
19. Energy Management	●	●	●		●			●	●	●

2018 PERFORMANCE HIGHLIGHTS

Lowest
recordable injury rate
in company history

Achieved our **best record**
yet of company-
responsible reportable
environmental events

Increased total safety
training hours by
78%

Won the Qatarization
Award for
**'Best Qatarization
Progress'**

11th
year without any
heat stress
related injury

Waste intensity
decreased by
21%

57,666
hours total training
provided to employees
and contractors

63%
combined local
procurement of materials
purchase and services

Recorded
35,473
behavior-based
observations and corrected
8,342 at-risk behaviors

Decreased SO2
emissions by
60%

Employee diversity:
30
nationalities

>1.3m
tons of derivatives
produced
and distributed

Zero
Fatalities since
beginning

Decreased GHG
emissions intensity by
2%

88%
employee
engagement
rate

Launched the
**Operations
Performance
Enhancements (OPE)**
initiative

Reduced energy
consumption intensity by
5%

Lowest ever (2) upstream
**responsible
environmental
events**

1,115
employees

0.03
Process Safety
Event Rate
(PSER)

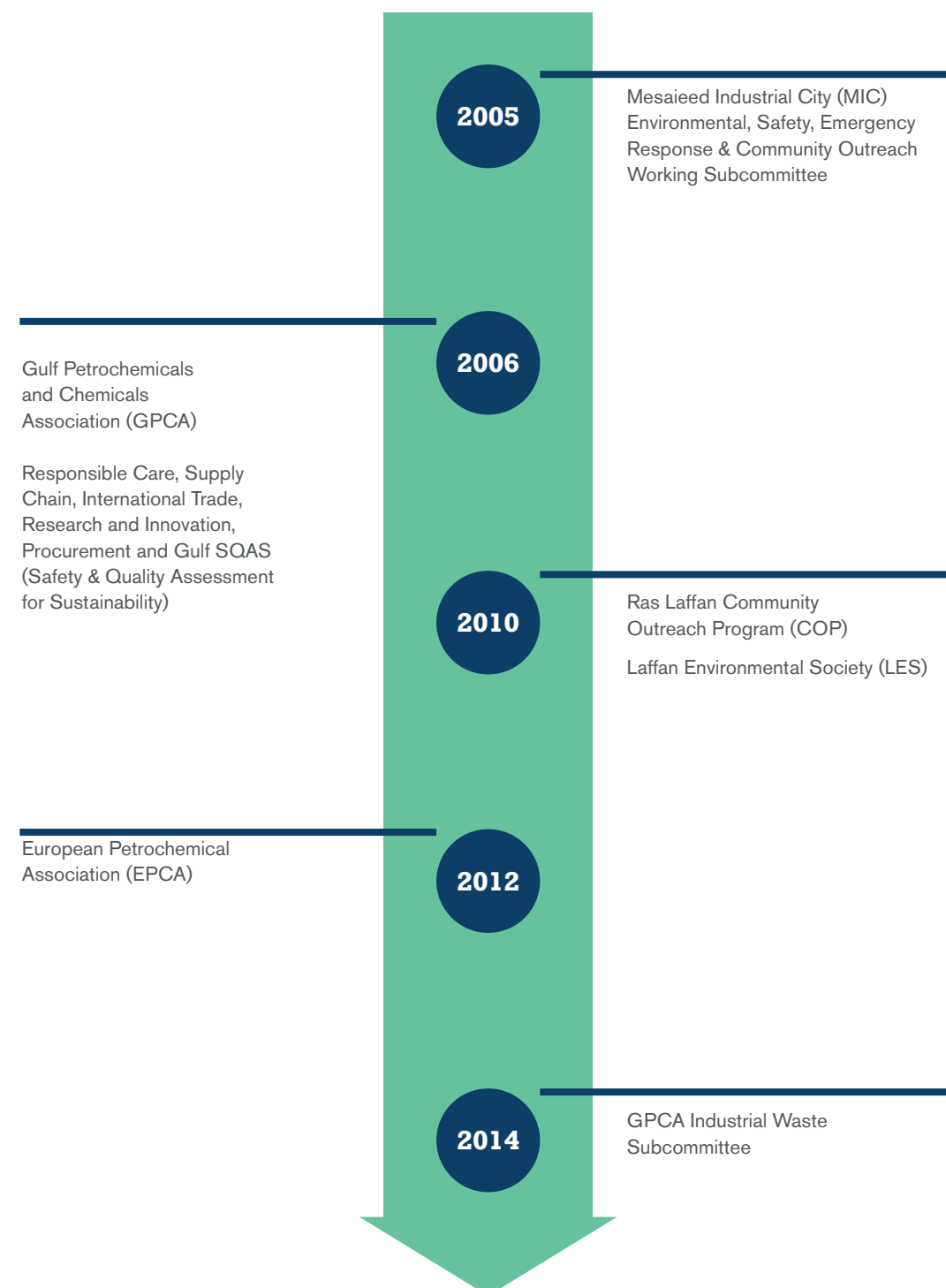
Completed multiple
**Environmental
Impact**
Assessment (EIA)
studies for major projects

Lowest ever (1)
company responsible
environmental events

22.8%
Qatarization

Started the
transition from
**OHSAS 18001
to ISO 45001**

MEMBERSHIPS AND ASSOCIATIONS



AT Q-CHEM COMPANIES, OUR UNWAVERING COMMITMENT TO SYSTEMATICALLY INTEGRATE SAFETY, SECURITY, HEALTH, ENVIRONMENTAL MANAGEMENT, PRODUCT STEWARDSHIP, QUALITY AND CUSTOMER SATISFACTION UNDERPINS EVERY FACET OF OUR DAILY OPERATIONS AND BUSINESS AS A WHOLE.

Relevant SDGs:



OPERATIONAL EXCELLENCE (OE) MANAGEMENT SYSTEM

Q-Chem companies' Operational Excellence (OE) Policy sets out our commitments and priorities that underpin strong OE performance. This policy is supported by a comprehensive OE Management System to guide us in embedding sustainability aspects into our daily procedures.

Our central focus is on achieving optimal personnel safety, health, process safety, product quality and resource consumption, while minimizing our impact on the environment by limiting emissions and waste.

We continuously work to limit all risks related to our products throughout their lifecycle and to mitigate operational risks. Moreover, we are committed to ensuring that our operations and business activities comply with applicable laws and regulations.

ENTERPRISE RISK MANAGEMENT (ERM)

We continue to advance effective risk management as a fundamental element to achieving its strategic objectives and to ensure organizational sustainability.

The ERM system completed its third annual review cycle in 2018. We ensure the ongoing maintenance and continual improvement of the ERM system to be in line with international best practices. In 2018, the ERM function was transferred from Quality group to Strategy Group to help facilitate better integration between strategic planning and ERM.

Currently, risk management has been embedded in all critical business activities, functions and processes. Central to the effective management of our risk profile is a clear and well-understood process of risk assessment and risk prioritization. We have also successfully deployed a Risk Identification and Assessment tool to help drive better and more consistent management of risks.



BUSINESS EXCELLENCE

As part of our commitment to continuous improvement, we recognize the value of rigorous decision-making – be it tactical, operational or strategic.

In 2019, Q-Chem plans to make greater use of its employees' creative potential. Q-Chem plans to initiate a Continuous Improvement Program (CIP) to achieve improvements of processes, products and safety performance, in addition to gains in quality and efficiency through continuous idea development.

In 2018, Q-Chem launched the Operations Performance Enhancements (OPE) initiative to achieve business excellence through a focused, cold-eye review of current operations and associated work processes to identify areas of improvements and implement the recommendations needed to enhance our performance and in turn achieve cost savings in alignment with our new mission, vision and values.

With the help of a dedicated team leading the OPE initiative, a set of tactical and strategic actions will be set for Q-Chem companies to maximize production in a safe, reliable and cost-effective manner. These actions will help Q-Chem companies focus on projects that promise genuine success.

Some of the key focus areas for improvement identification will include:

- **Operating Systems** - The way physical assets and resources are configured and optimized to create value, maximize energy efficiency and minimize losses.
- **Management Systems** - Formal Structures, Processes and Systems managed to deliver business objectives – all under the umbrella of OE.
- **Human Systems** - The way people think, feel, and conduct themselves in the work place both individually and collectively.





RESPONSIBLE CARE® - RC 14001

The Responsible Care® program, managed by the International Council of Chemical Associations and adopted by the Gulf Petrochemical and Chemicals Association (GPCA), is practiced today in more than 65 countries around the globe. This program offers an integrated and structured approach to improve company performance in the following key areas: community awareness and emergency response, security, distribution, employee health and safety,

pollution prevention, and process and product safety. Q-Chem adopted the GPCA Responsible Care® initiative in 2013 and was recertified in 2016 on RC14001 and ISO 14001. Responsible Care® and ISO 14001 certifications are combined into a single cost-effective process.

TRANSITIONING FROM OHSAS 18001 TO ISO 45001

In 2018, Q-Chem began the process of transitioning from OHSAS 18001 to ISO 45001. The ISO 45001 will eventually replace OHSAS 18001 after review and assessment planned in 2019. Q-Chem conducted a gap assessment between the ISO 45001 standard and its OE Systems to mitigate OHSAS 18001 certification into ISO45001 by 2019.

Q-Chem has also taken a new initiative to reduce the number of external audits. The existing two Management Systems Certification contracts will be combined into a single contract for performing an "Integrated Management System Audit" starting in 2019. The scope will include certification validation for standards ISO9001, ISO14001, ISO45001, and RC14001.



AT Q-CHEM, WE VALUE EMPLOYEE HEALTH AND SAFETY ABOVE ALL.

We believe that maintaining the highest standards of health and safety not only protects the well-being of those working in our facilities, but also creates safe working conditions, which ensures business and environmental integrity and the sustainable progress of the company.

We are continuously looking for ways to enhance our safety management systems and continue in our 'Journey to Zero', through both the direct participation of company leadership and the increasing inclusion of contractors in safety programs. 'Journey to Zero' is our HSE strategy for eliminating high-potential/high-consequence process and personnel safety incidents. Our senior management team visits sites on a monthly basis to listen to workers' needs, update them on initiatives and performance, and continue to carry out safety observations and walk-through projects. In addition, the company frequently applies innovative technical solutions to ensure process and personnel safety irrespective of the cost.

There are three guiding principles of our health and safety culture: **1) Work Safely or Not at All; 2) If it's Worth Doing, Do it Better;** and **3) There's Always Time to Do it Right.** As an extension of these principles, we have ten "Tenets of Operation" focused on ensuring the safety of each person, the reliability of our equipment and the quality of production. Anyone entering, and operating within our premises must do so in accordance with these Tenets. Through this framework, we have seen significant improvements in our safety programs and a steady decrease in recordable injury rates.

Relevant SDGs:



OCCUPATIONAL HEALTH AND SAFETY PERFORMANCE

The complex arrangement of our operational facilities located at two industrial sites that are 135 km apart makes it particularly challenging to organize a coordinated safety management system. Despite this challenge, Q-Chem has continuously raised the bar in safety performance. As a testament to this, we are proud to report that this year marked our best safety performance in company history.

We had no employee or contractor fatalities, and ended the year with an employee Lost-Time Injury Rate (LTIR) of zero. For the eleventh year in a row, we had zero heat-related illnesses. In terms of recordable injuries, we had zero recordable injuries at the Mesaieed site, and one contractor recordable injury at RLOC. Our Recordable Injury Rate (RIR) for Q-Chem companies concluded with 0.0257 in 2018, significantly lower than our target of 0.12. Further, we completed the year with zero Tier 1 Process Safety Event Rate (PSER), and our lowest ever Tier 3 PSER.

We invest significantly in ensuring our positive safety performance is sustainable. In 2018, we increased our total employee training for HSE topics by 46% compared to 2017.

	2015	2016	2017	2018
Contractor fatalities	0	0	0	0
Contractor lost time injuries	1	1	2	1
Contractor total reportable injuries	0	0	0	0
Contractor injury rate (per million man-hours)*	0.15	0.29	0.34	0.24

* Q-Chem has used 1,000,000 man-hours as a base and continues to do so for consistency.

TURNAROUND SAFETY PERFORMANCE

Our turnaround in 2017 was the largest-ever in Q-Chem history in terms of scope and manpower. We executed 2.5 million man-hours, with 1,535 jobs and 44 projects completed. Despite the many hours of work required, we had zero recordable injuries and zero Tier 1/2 PSER during the turnaround. This was in large part due to extensive training provided to everyone involved, including Q-Chem Work Crew Program, the Turnaround Safety Campaign, and the hiring of professional contractors to offer specialized rescue services.

HEALTH, SAFETY AND THE ENVIRONMENT (HSE) REQUIREMENTS FOR CONTRACTORS

We invest significant effort to ensure that contractors at Q-Chem operate at the same level of HSE preparedness as our own employees. During the contractor selection process, we rank potential contractors based on their HSE performance. All potential contractors are required to complete a self-assessment questionnaire, which includes topics such as safety records, their own HSE requirements and their commitment to safe working practices. In 2018, we deployed an online system for contractors' pre-bid HSE evaluation.

Our total cost of training for contractors increased significantly with 2018 demonstrating a 54% increase compared to 2017 with additional assistance on call-off training not to disturb weekly training program. For HSE training specifically, we increased the total training hours by 78%, reaching nearly 7,000 training hours.

Our next major turnaround is planned for 2020. In preparation for this turnaround, we are conducting preparedness reviews, risk assessments, and workshops with internal and external stakeholders. Some significant activities planned include the overhauling of extruders and compressors, cleaning the sea water intake basin, installing new water filters/valves, and Corrosion-Under-Insulation (CUI) Inspections; beside others.



SAFETY PROGRAMS

Q-Chem implements a wide variety of safety programs to ensure we operate safely. Examples of these programs included Life Critical Procedures (LCPs), field audits, vehicle safety, reverse parking, and home safety messages for families and children.

The following initiatives organized by Q-Chem companies in 2018 contributed to us having achieved the best safety performance thus far.

CONTRACTOR SAFETY MANAGEMENT – INTEGRATED WORK CULTURE

In 2018, we focused on enhancing our working relationship with contractors, with the goal of working together as one team. This began by increasing our communication, through regular meetings, direct communication, knowledge sharing and focused safety drives. As part of our efforts to integrate the work culture, we conducted a total of 3,430 unit inspections, 10% of which resulted in improvement opportunities. Examples of the topics of inspections include safety helmet inspections, training card verifications, vehicle safety audits, and safety glove inspections. Further, each month we recognize one contractor as "Best Safety Officer of the Month".

WINTER OF SAFETY CAMPAIGN

Our statistics show that many of our injuries occur in the last few months of the year, particularly due to the combination of a smaller workforce and higher workload in the cooler months of the year. In order to combat this trend, we launched a new program in 2018 to ensure our workplace is safe and able to sustain our high safety standards all year long. Our slogan for 2018 was, "Coming to this Year's End, Together We Can!" The campaign featured management messaging, informational banners, field safety audits, an online safety quiz, and focused weekly awareness campaigns that target Life Critical Procedures. We believe that this campaign contributed to us having concluded the year with the lowest recordable injury and illness rate to date.

SUMMER OF SAFETY CAMPAIGN

In 2018, Q-Chem held its 11th Annual Summer of Safety (SOS) campaign to prevent any heat stress-related illnesses. During this time, we provided cooling shelters, cold bottled water, and many other services in order to mitigate heat-stress-related illnesses during the difficult summer months. Throughout the years, Q-Chem has significantly grown its SOS campaign. In 2018, for example, we introduced the first portable cooling shelter, which was a huge success.

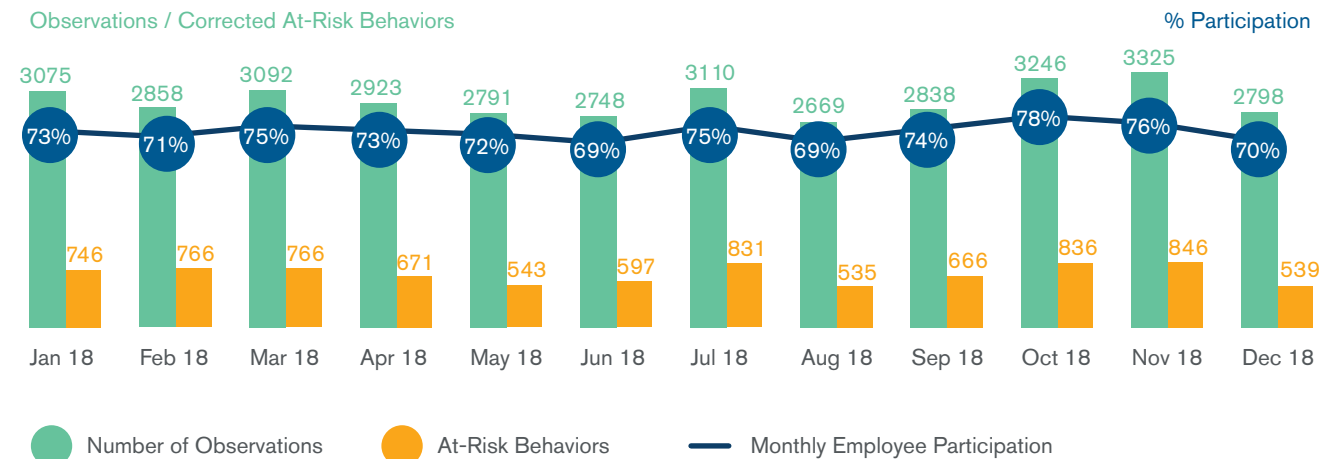
Q-SAFE

Q-Safe is a Behavior Based Safety (BBS) program, which establishes a framework for employees and contractors to observe and report on any non-compliance or at-risk behaviors. This employee driven program encourages "act-on-the-spot" action, emphasizing that personnel should take immediate corrective action whenever possible.

The chart below illustrates the monthly participation of employees in Q-Safe activities. All employees completed a minimum of two observations for the year. Each month, we reported more than 2,500 observations. On average, we corrected more than 500 at-risk behaviors each month. In 2018, we achieved 73% of average monthly participation against a target of 70%, which attests to our safety and health-oriented work culture.

Q-Safe Observations

Observations / Corrected At-Risk Behaviors



LIFE CRITICAL PROCEDURES CAMPAIGN

In 2018, we organized a 'Life Critical Procedures (LCP) Campaign' to increase LCP awareness among workers and cultivate a shared sense of responsibility on the execution of LCP within our facilities. The campaign included various activities, such as quizzes, educational game booth and a tree planting activity.



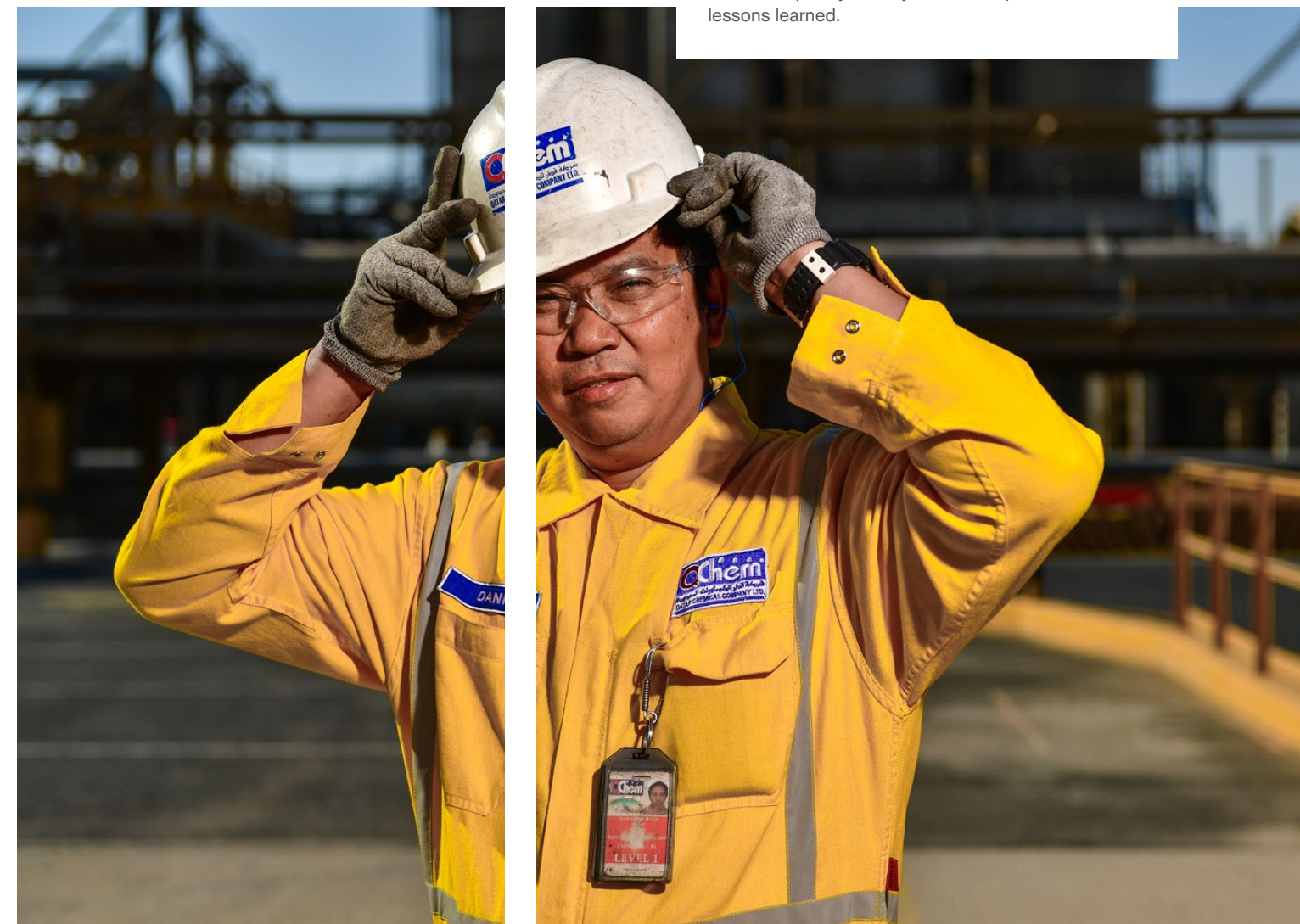
PROCESS SAFETY

We have a comprehensive system for evaluating operational hazards and implementing timely measures to prevent potential process safety risks. Our proactive measures help us prevent safety incidents, map early trends, and mitigate risks. For the fifth year in a row, we achieved zero Tier 1 process safety events and achieved our all-time lowest Tier 3 and Tier 4 PSER. We finished the year with a PSER of 0.03 versus a target for 2018 of 0.05.

PROCESS SAFETY MANAGEMENT (PSM)

New in 2018, our online safety bypass application enhances our ability to efficiently evaluate and mitigate risk for all occurrences where safety-critical equipment is bypassed, and to ensure the bypass is performed in a safe and controlled manner. The application closely tracks and normalizes the status of the safety system bypasses in the plant in real time.

As part of our PSM program and to comply with the OHSAS PSM requirements, we perform Process Hazard Analysis (PHA) to identify process hazards. In 2018, we conducted a PHA revalidation for the Sulfur Recovery Unit (SRU), Acid Gas Removal Unit (AGRU), Utilities, NAO and Polyethylene Train 3. Through our "Action Tracker" application, we have been compiling recommendations from the study and will subsequently identify areas of improvement and lessons learned.



ENVIRONMENTAL STEWARDSHIP

AT Q-CHEM, WE ARE FULLY COMMITTED TO PROTECTING THE ENVIRONMENT THROUGH A HOLISTIC APPROACH THAT ADVANCES BOTH OUR SUSTAINABILITY DEVELOPMENT GOALS AND THE QATAR NATIONAL VISION 2030.

One of our top priorities is to ensure that our operations avoid negative impacts on the environment and minimize resource consumption in our manufacturing facilities.

As part of our commitment to environmental stewardship, we have a robust environmental management system that satisfies local regulations and meets international standards. Through this system, Q-Chem companies are working to maintain

good ambient air quality, reduce greenhouse gases and promote reliable plant operation, while operating within an environmentally responsible workplace.

In 2018, we achieved our best record yet of company-responsible reportable environmental events, completing the year with only one event. This steady decrease over the past four years attests to our achievements in environmental and process safety performance.

	2015	2016	2017	2018
Environmental events (company-responsible)	6	3	2	1
Environmental events (upstream-responsible)	13	6	5	2

Relevant SDGs:



2018 RESPONSIBLE ENVIRONMENTAL EVENTS HIGHLIGHTS:

- Fewest ever number of company responsible environmental events with one event
- Fewest ever number of upstream responsible environmental events with two events
- No process-related company responsible environmental reportable events in 2018
- More than three years of no company responsible events in RLOC and Sulfur Recovery Units
- More than two years of no company responsible events in Q-Chem II
- Exceeded CPChem's yearly Environmental Reportable Incidents Rate (ERIR) 0.9 target, recording below target at 0.405

COMMUNITY KNOWLEDGE SHARING WORKSHOP

In 2018, Q-Chem Companies shared their knowledge and experience in sustainability workshop at the Ras Laffan City Emergency Safety College (RLC ESC). The workshop was the first of its kind to be held at RLC ESC and focused on sharing Q-Chem's sustainability initiatives and achievements with the local community. Best corporate practices and lessons learned were also discussed. Representatives shared the latest air emission modelling and odor management using the most comprehensive modelling software and state of the art equipment. The event was attended by more than 100 people.



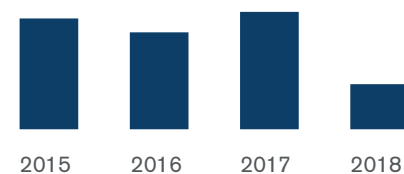
CLIMATE CHANGE AND ENERGY EFFICIENCY

Q-Chem companies have active pollution prevention programs that are key to climate change and energy efficiency. In 2018, we managed to lower our energy use intensity by 5% and saw a slight decrease in our GHG emissions intensity by 2% in comparison to 2017.

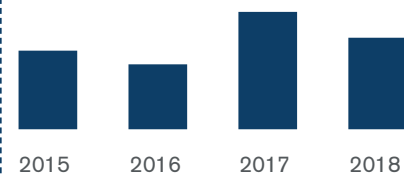
These reductions were due primarily to operational changes and actions taken by Q-Chem companies to reduce emissions in the areas of flaring and energy efficiency.

In addition to modifying our operations to avoid and reduce emissions from point sources, we continue to implement and improve our Leak Detection and Repair (LDAR) program, designed to identify and fix fugitive leaks. The LDAR program helps minimize overall emissions by reducing the frequency and magnitude of leaks. In 2018, we further enhanced the program by using advanced infrared cameras to successfully identify and detect fugitive leaks from production equipment.

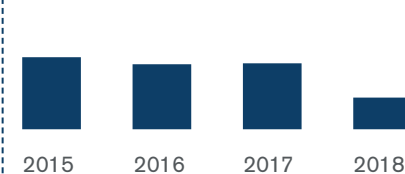
Energy use intensity
(GJ/ton of production)



GHG emissions intensity
(CO₂e/ton of production)



Natural gas intensity
(m³/ton of production)



FLARING

Flaring activity in industries is needed for process safety and reliability reasons, but leads to emissions of SO₂, NO_x and CO₂ into the atmosphere. Q-Chem companies were very successful in minimizing the flaring of acid gas, ethylene gas, and total hydrocarbons every years reaching more than 90% reduction in 10 years.

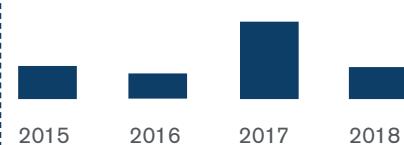
To minimize flaring, we have developed the Flaring Reduction Program and formed a flare minimization team to execute and manage flare reduction measures. Some of these measures include optimizing the sweep gas flow in flare header and recovery systems. We continuously ensure sweeping gas is kept under the absolute minimum requirements without jeopardizing the safety process of plant operations.

% Ethylene gas flaring

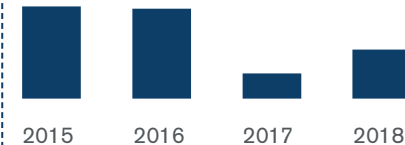
Q-Chem



Q-Chem II



RLOC



AIR EMISSIONS

In 2018, SO₂ emissions decreased across all Q-Chem companies by almost 60%, and NO_x emissions by 7%. We have improved our calculations by adopting the highest tiers of accounting and reporting for accurate monitoring purposes.

Moving forward, we plan to continue to reduce our emissions through a combination of administrative, process and engineered controls, because we are committed in protecting and minimizing the impact of our operations on the environment.

SO₂ emissions intensity
(ton/1000 ton production)



NO_x emissions intensity
(ton/1000 ton production)



WATER AND EFFLUENTS MANAGEMENT

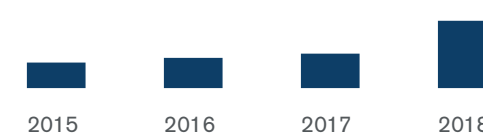
Water management is an increasingly critical issue in Qatar, where fresh water is scarce. That is why we actively seek to manage the impact of our operations on water availability and optimize its consumption. To play our part, our approach is focused on water reuse and water conservation.

increasingly important role of accurate compressor performance monitoring in optimizing production and maintenance activities. This issue will be addressed in our next turnaround.

RLOC plant plans to upgrade its sanitary water treatment system to accommodate for the plant's increasing capacity. Treated sanitary effluent will be used for irrigation purposes.

In 2018, water intensity increased by 9% due to the increased steam consumption of RLOC's Cracked Gas Compressor (CGC). We acknowledge the

Water use intensity
(m³/ton of production)



Water recycling intensity
(m³/ton of production)



THE NEAR-ZERO LIQUID DISCHARGE (NZLD) PROJECT

As part of our efforts to recover and reuse treated industrial water, we established the Near-Zero Liquid Discharge (NZLD) project. This program focuses on installing facilities that ensure enhanced recovery of treated industrial water for use in existing plant and irrigation purposes.

The implementation of NZLD in near future will maximize reusable water in process areas and irrigation, while minimizing discharge of treated water to sea.

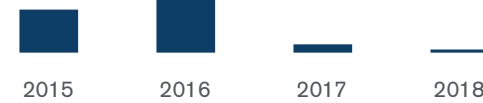
MATERIAL USE AND WASTE MANAGEMENT

We strive to achieve the utmost efficiency and to be environmentally responsible in our management of hazardous, non-hazardous and inert wastes.

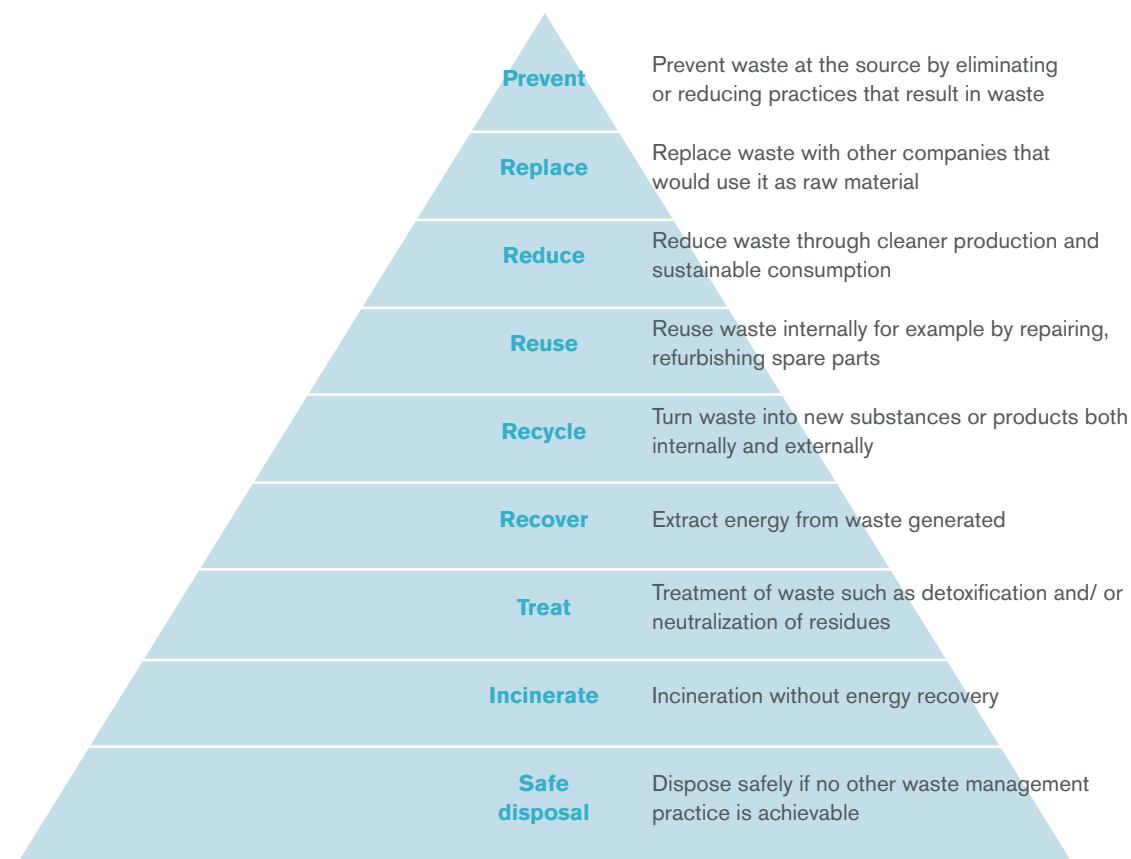
Our hazardous waste is stored temporarily in an engineered hazardous waste storage area for proper disposal at authorized locations within 90-days.

We reduce, reuse, recover and recycle several industrial waste streams. In 2018, our waste management plans were successful in reducing our overall waste generation and increasing our reuse and recycling. In 2018, waste intensity decreased by 21% in comparison to the previous year.

Waste intensity (ton/1000 ton of production)



WE IMPLEMENT OUR WASTE MANAGEMENT PROCESS IN ACCORDANCE WITH THE FOLLOWING HIERARCHY:



ACCIDENTAL SPILLS

Q-Chem companies have effective spill prevention program in place. We have clear requirements and procedures in place to prevent operational spills.

Our routine programs maintain our facilities, equipment and pipelines and improve their reliability to reduce spills. Nonetheless, spills still could occur for reasons such as operational failures or unusual corrosion. In 2018, we recorded one reportable spill incident which is non-process related, the volume of which was 44% less than in 2017. We continuously investigate and learn from spill incidents to improve our performance and clean the affected areas. We also train employees in spill prevention and response action.

We are also closely collaborating with Mesaieed Industrial City (MIC), Ras Laffan Industrial City (RLIC) and the MME since inception of project to identify needs. An example of the studies included as part of the EIA, we conducted a marine study around MIC waters to assess current marine quality as a result of the city's development over the past years. We also collaborated with other professional third-party companies to collect more than 100 samples of seawater quality, sediment quality and fauna.

Also, and in collaboration with QP RLIC, we conducted air quality dispersion modelling. The study provided air quality trends across the country and helped industries in determining the actions needed to be taken to minimize their environmental footprint.

ENVIRONMENTAL IMPACT ASSESSMENT

In 2018, we completed an Environmental Impact Assessment (EIA) for all Q-Chem companies projects and all operational aspects of our business with the aim to reduce environmental impact of our activities as much as possible and benefit affected local communities.

In line with our strategy road map and Qatar National Vision 2030, we launched several key projects across all Q-Chem companies to ensure sustainable growth and improve stakeholder satisfaction.

Q-CHEM COMPANIES WASTE MANAGEMENT 2018 FACTS AND FIGURES:

Reused around
1,700
drums as hazardous waste containment

Recycled
74
tons of lubricant oil

Recycled
68
tons of hydrocarbon waste

Recycled
10
tons lead acid batteries

Recycled
09
tons of e-waste

88
tons of garden waste sent for composting

Reused
2,000
wooden pallets

Recycled
25
tons of used tires

Recycled
110
tons of metal scrap

Recycled
36
tons of cardboard waste

Recycled
163
tons of plastic waste (HDPE and water bottles)

OUR HUMAN CAPITAL

WE MAKE EVERY EFFORT TO ENABLE OUR PEOPLE TO FULFIL THEIR POTENTIAL. WE EMPOWER OUR PEOPLE TO BUILD REWARDING PROFESSIONAL CAREERS WHILE ENSURING A HEALTHY LIFE STYLE AND WORK-LIFE BALANCE.

WE ALSO OFFER HIGHLY COMPETITIVE REMUNERATION AND ENHANCE LOYALTY AMONG OUR EMPLOYEES.

Relevant SDGs:



WORKFORCE PROFILE

Our company-wide approach encompasses recruitment, compensation, professional development and motivation. We believe our efforts have resulted in a dynamic and dedicated team of professionals who pursue a common goal and, in doing so, contribute to their own growth, professional development and integrity.

We recognize the importance that different backgrounds and perspectives bring to create a rich working environment and achieve our goals efficiently and creatively. In 2018, our diverse workforce came from a total of 30 nations.

Total Workforce

2015	1,034
2016	1,008
2017	1,101
2018	1,115

EMPLOYEE ENGAGEMENT AND SATISFACTION

To maintain the ethical, transparent and fair treatment of all our employees, we have an “open door policy” to foster communication at all levels of the company. Through our performance management system, we have developed a high-performing culture where frequent face-to-face discussions and honest and constructive feedback is encouraged.

In 2018, Q-Chem conducted the first ever engagement survey, which resulted in an outstanding 88% employee engagement rate. The index is way above all the external norms and benchmarks, including Oil & Gas, Qatar, GCC and international high performing companies. In addition, we reached an impressive 85% response rate. Both figures show a huge commitment from our entire employee workforce to the constant improvement of our organization. The feedback provided is an invaluable tool for the company's overall success and continued growth. Through post-survey workshops and action planning, our leadership teams analyze the results, prioritize actions and identify successes and areas for improvement.

RECOGNITION PROGRAMS

Through our recognition programs, we seek to cultivate loyalty among our employees and acknowledge their important contributions.

Taqdeer

The 'Taqdeer' initiative recognizes and rewards outstanding performance, exemplary behavior and safety ethics in the workplace. The initiative aligns employee performance and achievements with our corporate values and objectives. It reinforces and provides a framework to retain high performing employees, promote positive behaviors, encourage greater teamwork, and foster a motivated, productive and satisfied workforce.

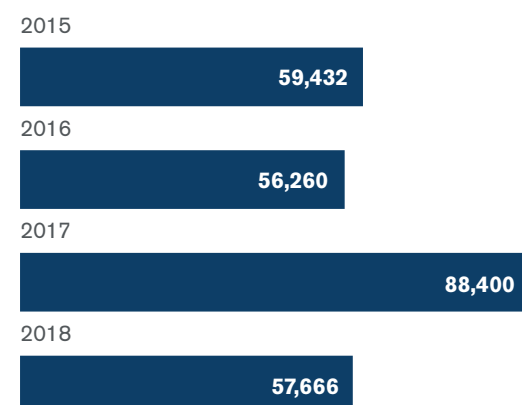
Long-Service Awards

We are proud that the number of long-term employees at Q-Chem continues to grow each year. In 2018, the number of employees with Q-Chem companies for more than 10 years was more than 50% of our entire workforce. Furthermore, employees who had been with Q-Chem for more than 3 years represented nearly 90% of our entire workforce. We believe that their hard work, dedication and diligence are key contributors to our company's prosperity and sustainability. As a gesture of gratitude, we celebrate their long-serving contributions and company loyalty with appreciation certificates and long-service bonuses. In 2018, 246 employees were recognized in this way.

EMPLOYEE TRAINING AND DEVELOPMENT

We have several training and development programs in place that help our employees sharpen existing skills and learn new ones. We offer a number of in-person and computer-based trainings on both technical and soft skills. In 2018, we provided 57,666 training hours for both employees and contractors. This was a 54% decrease compared to 2017 but a slight increase compared to 2016. This can be explained by the turnaround training we provided to the high number of contractors in 2017.

Total training hours for employees and contractors



57,666

training hours provided for both employees and contractors

EMPLOYEE ATTRACTION AND RETENTION

Our Talent Stewardship Committee works to identify and attract the most qualified and talented candidates, while prioritizing existing employees as potential candidates for career development.

To ensure we identify the best fit for the role, candidates undergo a "Job Man Match" process, which assesses every dimension of the job against the employee's competencies and identifies any gaps or matches with respect to the new role. The entire internal selection creates clear career paths for national and expatriate employees. Further, we are investing significantly in developing the capacity of young talents, both academically through sponsorships, and professionally through intensive development and progression programs.

In addition to sourcing the best talent, we strive to maintain low employee attrition rates across all levels of the organization. Our increasing number of long-service awardees is a testament to our employee satisfaction and ability to retain a loyal workforce. This has been achieved by selecting candidates that fit well with Q-Chem's culture and values, providing targeted training and development opportunities, and deploying a succession planning program to identify and develop new leaders.

for Training and Development

SOCIAL ENRICHMENT

Q-CHEM IS FIRMLY COMMITTED TO BEING AN EXEMPLARY CORPORATE CITIZEN BY ACTIVELY CONTRIBUTING TO THE VITALITY OF OUR COMMUNITIES AND ENGAGING IN THEIR DEVELOPMENT. OUR EFFORTS ARE FOCUSED ON RAISING PUBLIC AWARENESS OF ISSUES THAT THE COMPANY CONSIDERS IMPORTANT FOR THE SUSTAINABLE FUTURE OF THE COUNTRY, AND ALIGNED WITH OUR COMPANY VALUES.

TO CREATE POSITIVE SOCIAL IMPACT, WE:

Relevant SDGs:



QATARIZATION

In alignment with the QNV 2030 and in support of the National Development Strategy, Qatarization continues to be one of Q-Chem's key commitments. We recruit, develop and retain highly competent Qatari talent. Our "Total Quality in Qatarization" objective is strongly linked to individual performance and proven competencies that relate to meeting our operational requirements and organizational success. We offer a wide range of capacity-building programs to prepare, attract and develop Qatari nationals for careers at Q-Chem. We also foster younger Qatari individuals so that they may eventually benefit from our initiatives.

In 2018, we increased our Qatarization rate to 22.8%. In recognition of our efforts, Q-Chem won the Qatarization Award for 'Best Qatarization Progress' at the Energy and Industry Sector's 2018 Annual Qatarization Review Meeting.

In 2018, we increased our investment in training for Qatari employees by 32% compared to 2017, and increased the total training hours for Qatari employees, a 5% increase compared to 2017.

We offer individual development plans (IDPs) for our national employees, providing them with a roadmap for progressing within the company. In 2018, nine developpees completed their IDPs and moved successfully to new positions with good performance results. Additionally, four trainees completed their training plans and transitioned to new IDPs that targeted senior staff positions.

HELPING DEVELOP TOMORROW'S QATARI WORKFORCE

Within Qatar, there is a host of capacity-building programs available to prepare, attract and develop Qatari nationals for careers at Q-Chem. We collaborate with several Qatari educational institutions and community organizations to provide essential information about careers in the petrochemical industry.

We believe it is important to inspire the next generation and to strengthen the pipeline of potential future talent.

- Our job shadowing program directly engages students in first and second year university and introduces them to the practical requirements of our industry.
- Our senior management visits colleges annually to follow up with company-sponsored students and encourage them and young engineers to enter the petrochemical industry.
- Several leading educational institutions and communities actively participate in plant visits, presentations and joint research or graduation projects.

PARTNERSHIPS WITH LOCAL INSTITUTIONS

Q-Chem partners with local institutions, offers scholarships to outstanding students and participates in several career fairs and networking events at various universities in Qatar. In 2018, Q-Chem took part in Qatar University (QU) 12th Career Fair to provide students with the opportunity to meet our team members and learn about employment and training opportunities. Q-Chem was also among the 70 companies across various sectors that attended the Education City Career Fair, organized by Hamad Bin Khalifa University (HBKU), which highlighted internship and employment opportunities.

Further, in 2018, Q-Chem and Carnegie Mellon University in Qatar (CMU-Q) signed a Memorandum of Understanding (MoU) to cooperate in scientific research, strategic studies, and employee development. The partnership will not only boost cooperation in areas of education and training, but will also offer Q-Chem employees a suitable platform to hone their skills.

	2015	2016	2017	2018
Students sponsored to study in universities abroad	0	7	18	16
Number of trainees and interns at Q-Chem	30	18	33	51
Students sponsored at Qatar University	12	7	11	11
Students sponsored at Texas A&M	4	3	5	4
Students sponsored at community college	1	3	6	6

COMMUNITY OUTREACH

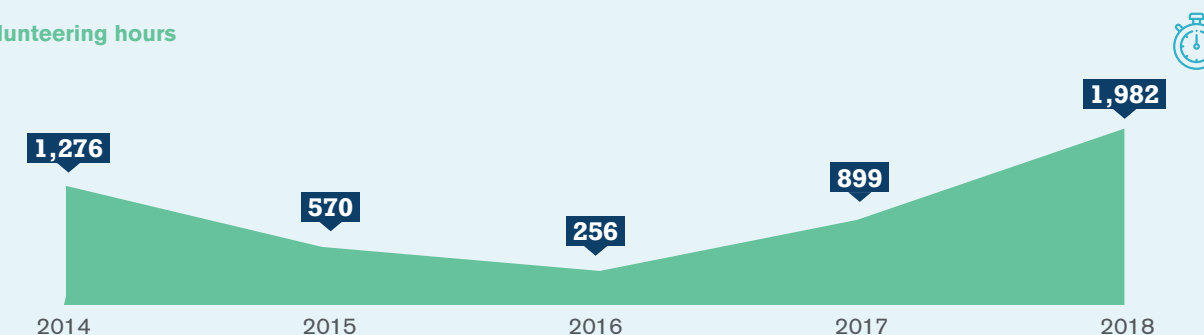
Local communities are major stakeholders of Q-Chem, so we strive to understand and respond to their needs and concerns. Our 2018 community engagement activities ranged from cultural activities to raising environmental awareness and promoting sports and an active lifestyle.

We are proud that our community outreach programs have grown over the years, logging over 4,900 volunteer hours since 2014.

Total participation



Volunteering hours



Q-CHEM HIGHLIGHTS ITS OPERATIONS AT NATIONAL SERVICES AUTHORITY ACADEMY

In 2018, Q-Chem showcased its achievement and the role it plays in the national development at the National Services Authority (NSA) academy. At this special event, Q-Chem reached out to over 800 NSA recruits and their trainers.

The initiative is part of Q-Chem's determination in reaching out to communities and presents diverse opportunities available at its facilities in Mesaieed, Ras Laffan, and Doha. It was also a moment to have direct communication with a vast majority of young Qataris who recently graduated from high schools.

Some of Q-Chem's community investments that occurred in 2018 are highlighted below:

COMMUNITY

QAR

71,007

investment

798 

volunteering hours

We proudly celebrate Qatar's heritage, culture and traditions. We are committed to nurturing and growing a sense of national solidarity and Qatar's historical roots.

Qatar National Day

In 2018, we celebrated Qatar National Day with great warmth and joy. The venue was decorated with the national flag, local majlis, and old attires and accessories, and henna painting, a raffle and other cultural activities were available. During the event, attendees had the opportunity to explore the long and rich history of Qatar. The occasion emphasized national identity and boosted bonds between members of society.

World Civil Defense Day

In 2018, we celebrated World Defense Day to promote public awareness about civil defense. This year's celebration theme underscored the importance of strengthening partnerships between various institutions and companies related to civil defense.

Qatar Chemical Company Ltd. (Q-Chem) along with other government and non-government institutions were honored during the ceremony. Q-Chem is proud to play a constructive role in the public safety and community at large.

SPORT

QAR

79,160

investment

313 

volunteering hours

We are committed to encouraging and engaging employees in a healthy lifestyle. Sports play a fundamental role in maintaining and improving employee and community well-being. Some of our investments last year supported football, cricket and other sports activities.

National Sports Day at Q-Chem

Qatar's National Sports Day is meant to foster values of community, sportsmanship and positive team spirit. In 2018, Q-Chem staff and their families participated in the event, which included an array of indoor and outdoor activities for both adults and children, including football, aerobics, spinning, bowling, plank challenges, to name a few.

Al Khaliji Cup

The Al Khaliji Commercial Bank hosts an annual football tournament to support Qatar's National Sports Day and foster values of community, sportsmanship and positive team spirit. In 2018, the Q-Chem football team won second place at the Al Khaliji football tournament, playing against teams from several organizations in Qatar.

PRESERVING THE ENVIRONMENT

QAR

29,500

investment

208 

volunteering hours

At Q-Chem, we believe that active engagement instills a greater sense of environmental responsibility among employees, volunteers and the wider community.

Turtle Beach Clean-Up Campaign

In 2018, our employees participated in the turtle beach clean-up campaign at Ras Laffan northern beach, one of the best nesting spots for hawksbill turtles and an area that accommodates close to 30% of the total nests in Qatar. The campaign reflects Q-Chem's deeper commitment to preserving our oceans and land by sensitizing people in the company and the community to the harms that stem from throwing garbage and pollutants on land and in the sea.

Waste Free Environment

An annual event in Qatar, Waste Free Environment (WFE) is an important environmental initiative launched by the Gulf Petrochemicals and Chemicals Association (GPCA) and supported by GPCA's Plastics Committee. In collaboration with other companies, Q-Chem was engaged in a weeklong WFE campaign to promote recycling and encourage a more responsible attitude towards litter disposal. The focus in 2018 was on the impact of recycling plastics.

EDUCATION

QAR

61,400

investment

78 

volunteering hours

We recognize the importance of quality of education for personal, social, and economic development at the national and international levels. Education empowers minds to solve global challenges, whether they be related to corruption, unemployment, or the environment, and fosters a culture of innovation and entrepreneurship.

Promoting Education in Qatar

As part of our CSR program, we support students at various schools and academic institutions to help them achieve success in their specialties. By promoting education in Qatar, we are helping to build the foundation for the sustainable development of the country's economy and the future of the petrochemical industry.

In addition to proactively investing in the nation's education sector, we sponsor educational programs that enable talented Qataris to study in Qatar or abroad in areas of expertise related to our operations. Our efforts include sponsorships, summer school programs, internships and school visits by Q-Chem engineers, as well as supporting the development of academic research programs. We also invite students to visit our operational facilities.



ECONOMIC PERFORMANCE AND PRODUCT RESPONSIBILITY

OUR PARTICIPATION IN A COMMODITIZED CHEMICAL BUSINESS REQUIRES CONSTANT FOCUS ON COST DISCIPLINE TO MAXIMIZE MARGINS AND CREATE VALUE FOR ALL STAKEHOLDERS, WHILE ALWAYS MAINTAINING OUR COMMITMENT TO SAFETY AND THE ENVIRONMENT.

Our products are always procured directly from renowned manufacturers and their authorized agents. Our management approach focuses on optimizing operational costs, increasing production efficiency, and managing risks. In line with our core values, Q-Chem and its associated companies always strive to procure products that are meeting the latest standards in areas of personnel and plant safety and environmental responsibility.

Relevant SDGs:



ECONOMIC PERFORMANCE

Our economic performance is critical to the success of Q-Chem and its operations. To deliver healthy financial results, we are constantly looking for ways to increase our operational and cost efficiencies. We use an integrated approach in the management of our economic performance that is defined in three key areas:

PRODUCTION AND SALES

In 2018, the global trend in oil prices improved from the previous year, which reflected positively on our sales revenues. In addition, 2018 marked the best year for production in the history of Q-Chem with more than 1.3 million tons of derivatives produced and distributed. Over the last 6 years, Q-Chem consistently produced more than 1.2 million tons of derivatives annually.

FISCAL RESPONSIBILITY

Fiscal responsibility enhances Q-Chem's ability to deliver maximum profitability to shareholders. We have a strong record of profitability, which stems from a combination of high-value and high-quality operations and our dedication to fiscal responsibility. This is at the core of Q-Chem's operations, as is demonstrated by the inclusion of expenses within the company bonus calculation. In 2018, Q-Chem achieved savings of 1% on expenses compared with the budget. Q-Chem conducts regular audits and analyses of our fiscal performance in alignment with best practices and the regulatory requirements of the State of Qatar.

ECONOMIC IMPACT

Since operations began in 2003, Q-Chem's production has more than tripled. Q-Chem's economic impact extends deep into the economy and society of Qatar. Through the sale of our products to Muntajat, who market our products globally, Q-Chem generates valuable revenues that contribute to the State of Qatar's overall wealth and ability to continue its path of economic development and downstream industrial development of the petrochemical sector. Furthermore, as an employer of more than 1,100 individuals and a company with an operating budget above QAR 1.6 billion, Q-Chem creates many economic opportunities for Qatar through employment and procurement.

COST OPTIMIZATION STRATEGY

Our ambitious Cost Optimization Program (COP) assists management in evaluating cost structures to identify, quantify, and prioritize savings opportunities. Its goal is to reduce the unit fixed controllable cost by 10% in the next four years, without compromising Q-Chem's commitment to health and safety and Qatarization.

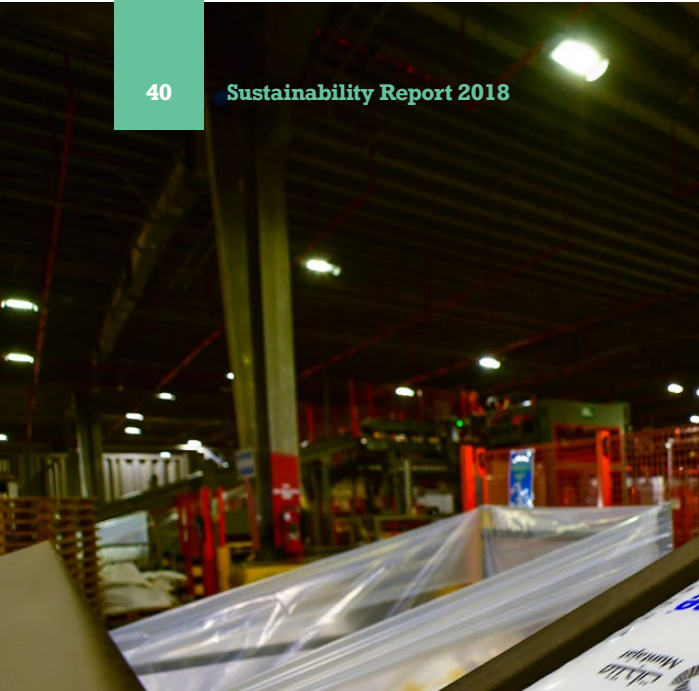
Q-CHEM'S ROLE WITHIN ENERGY AND INDUSTRY SECTOR

Representing two of the nine petrochemical sector companies in Qatar, Q-Chem Companies are part of the energy and industry sector's value chain, that begins with energy exploration and production and concludes with high-value petrochemical exports. Strong partnerships with other Qatar energy and industry sector companies allow Q-Chem to maximize the efficiency and production potential that Qatar gains from having a linear and consolidated energy and industry sector.

SUSTAINABLE PROCUREMENT

As part of our commitment to maximizing our local economic impact and reducing risk, we prioritize purchasing from Qatar-based suppliers within our procurement policies. In 2018, 43% of our materials purchases were locally sourced, while 86% of our service contracts were locally procured. As a result, our average local procurement rate stood at 63%.





PRODUCT STEWARDSHIP

We focus greatly on keeping our company up to international standards and accreditations. All our facilities have been accredited for ISO 14001 Management and RC 14001® Responsible Care standards.

Our Product Risk Management team evaluates and tests our products in the interest of product safety covering the whole life cycle of the product from the procurement of raw materials, manufacturing, delivery, handling and disposal of our products. We seek to satisfy the highest quality standards and ensure our products are safe for people and the environment when properly used. Our products Safety Data Sheets (SDS) are available for download on the Q-Chem website.



RESPONSIBLE SUPPLIER MANAGEMENT

Our Supplier Qualification-Self Audit Questionnaire is a powerful and effective tool that ensures only companies continuously protecting the safety, health and welfare of their employees are allowed to work inside Q-Chem sites. We require each bidder to complete the questionnaire in each tender whenever a site activity is expected to be performed.

Put into broader perspective, the self-audit questionnaire has contributed not only to achieving the company's safety objective and performing the work safely, but to attaining sustainability by ensuring the high-quality, on-budget and timely completion of the work, and making certain that the safety, health and welfare of all workers is protected.

APPENDIX A






ACRONYMS

AGRU	Acid Gas Removal Unit
BBS	Behavior Based Safety
CEMS	Continuous Emissions Monitoring System
CGC	Cracked Gas Compressor
CIP	Continuous Improvement Program
CMU-Q	Carnegie Mellon University in Qatar
CO₂	Carbon Dioxide
COP	Community Outreach Program
CPChem	Chevron Phillips Chemical Company
CSR	Corporate Social Responsibility
CUI	Corrosion-Under-Insulation
EIA	Environmental Impact Assessment
ERIR	Environmental Reportable Incidents Rate
ERM	Enterprise Risk Management
GCC	Gulf Cooperation Council
GHG	Greenhouse Gas
GPCA	Gulf Petrochemicals and Chemicals Association
HBKU	Hamad Bin Khalifa University
HDPE	High-Density Polyethylene
HSE	Health, Safety and the Environment
IDPs	Individual Development Plans
ISO	International Standards Organization
LCPs	Life Critical Procedures
LDAR	Leak Detection and Repair
LTIR	Lost-Time Injury Rate
MDPE	Medium-Density Polyethylene
MIC	Mesaieed Industrial City
MME	Ministry of Municipality and Environment
MoU	Memorandum of Understanding
MPHC	Mesaieed Petrochemical Holding Company Q.S.C.

MTPA	Metric Tons Per Annum
NAO	Normal Alpha Olefins
NO_x	Nitrogen Oxides
NSA	National Services Authority
NZLD	Near-Zero Liquid Discharge
OE	Operational Excellence
OHSAS	Operational Health and Safety Assessment Series
OPE	Operations Performance Enhancement
PE	Polyethylene
PHA	Process Hazard Analysis
PSER	Process Safety Event Rate
PSM	Process Safety Management
QAPCO	Qatar Petrochemical Company
QAR	Qatar Riyal
Qatofin	Qatofin Company Ltd.
Q-Chem	Qatar Chemical Company Ltd.
Q-Chem II	Qatar Chemical Company II Ltd.
QNV 2030	Qatar National Vision 2030
QP	Qatar Petroleum
QU	Qatar University
RC	Responsible Care code
RIR	Recordable Injury Rate
RLC ESC	Ras Laffan City Emergency Safety College
RLIC	Ras Laffan Industrial City
RLOC	Ras Laffan Olefins Company Ltd.
SDS	Safety Data Sheets
SO₂	Sulfur Dioxide
SOS	Summer of Safety
SRU	Sulfur Recovery Unit
WFE	Waste Free Environment
QPSPP	Qatar Petroleum for sale of Petroleum Products Company Limited

APPENDIX B

STAKEHOLDER MAPPING

	Stakeholder Group	Main Interests	Engagement Channels
	National Authorities: Government of Qatar, Qatar Energy and Industry Sector	Compliance with regulations, economic and social development, national growth and employment	Board of Directors, public events and media, national campaigns, and outreach programs
	Employees: Shift workers, managers, and all other employees	Safety, compensation, training and development, wellness, and community engagement	Daily operations, periodical performance reviews, feedback through the management chain, social events, and workplace campaigns and programs
	Regulatory Agencies: Qatar Ministry of Municipality and Environment, Ministry of Finance, General Tax Authority, Financial Institutions (Banks & Insurance), Qatar Petroleum, Economic Regulatory Agency, Industrial Cities Authorities, Responsible Care Initiative	Compliance with laws, regulation and banking covenants, payment of taxation, participation in industry initiatives, and reporting and monitoring of performance	Annually/quarterly/monthly performance reporting, Board of Directors, and participation in events, committee meetings and programs
	Customers: - Muntajat - QPSPP (Qatar Petroleum for Sale of Petroleum Products Company Limited) - Dolphin Energy - Qatofin - Qatar Acid Company - QAPCO	Reliable and timely delivery of products, product quality, bagging, and shipment safety and security	Sales contracts, direct marketing, frequent meetings with customers and agents, and customer feedback surveys
	Suppliers: Manufacturers or suppliers of raw materials and other goods	Cost and sales, product quality, delivery, and inventory control	Supplier audit questionnaire, procurement and finance departments, and invoicing
	Contractors: Service providers for catering, maintenance, and other services	Payment of invoices, quality services, manpower/equipment requirements, safety and security, and cost	Tendering contracts, supplier audit questionnaire, safety orientation, quarterly contractors' evaluations, on-site contractor engagement, feedback tracking, and training
	Shareholders: - Chevron Phillips Chemical International Qatar Holdings LLC - Mesaieed Petrochemical Holding Company (MPHC) - Qatofin - Qatar Petroleum (QP)	Safety, economic return on investment, reliable operations, and enterprise risk management Disclosure of price-sensitive and confidential information	Weekly HSE performance reporting, periodic Board of Directors reports, monthly production and financial performance reporting, and annual sustainability reporting

	Communities: - Mesaieed - Doha - Ras Laffan - Qatari society	Safety, infrastructure development, environmental programs, education, and employment	Community outreach events, employee programs, grievance hotline, recruitment campaigns, collaboration with educational institutes, and press releases
	Administrative offices and Headquarters	Administrative, safety, economic return on investment, legal compliance, and enterprise/tactical risk management, recruitment, Qatarization, community outreach, corporate communications and CSR	Periodic Board of Directors meetings, weekly chiefs' meetings, monthly senior management walk-downs in facilities, monthly production and financial performance reporting, quarterly strategy review meetings, and annual sustainability reporting
	Operated Facilities Operations	Safety, environmental, security, productivity, reliability, projects management, economic return on investment, and enterprise/ tactical/ operations risk management, and compliance assurance	Weekly plant leaderships meetings, monthly HSE and operations performance reporting, weekly leadership walk-downs, monthly senior management engagement visits, production planning and reporting, monthly projects and turnaround reviews, monthly financial performance reporting, annual sustainability reporting, and periodic internal and external audits



شركة قطر للكيماويات المحدودة
QATAR CHEMICAL COMPANY LTD.



شركة راس لفان للأوليفينس المحدودة
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