

# Governance Report

for the financial year ending 31 December 2018

## Ladies and Gentlemen, Respected Shareholders,

It honours me to present to this meeting the Corporate Governance Report of Qatar Navigation Q.P.S.C (Milaha) covering the fiscal year ending 31 December 2018. The Corporate Governance Report has been prepared in accordance with the requirements of Articles (1 - 4) of the Governance Code for Companies & Legal Entities Listed On the Main Market issued by the Qatar Financial Markets Authority (QFMA) on 10th November 2016 and other relevant laws and regulations of the State of Qatar. Generally, the new Governance Code issued by QFMA requires that Milaha, among the listed companies, shall prepare and present this report to the shareholders of the company annually at the General Assembly meeting.

For the benefit of the new shareholders and investors the report has some information repeated as stated in the Corporate Governance Report of previous year, which the Company is presenting again in compliance with regulatory requirements.

It honours us to say that the situations in Milaha are conforming significantly to the new Governance Code. The Board of Directors continuously, in cooperation with the executive management, takes all measures necessary for enhancing the systems of optimal management and disclosure in order to ensure the confidence of Milaha shareholders and investors.

Thank you,

**Jassim bin Hamad bin Jassim Jaber Al-Thani**  
Chairman

## BRIEF HISTORY

Qatar Navigation Q.P.S.C ("Mlaha" or "the Company") was incorporated on 5TH July 1957 as a Qatari Shareholding Company; its shares are publicly traded in Qatar Exchange. The company's operational and commercial activities include marine transport, shipping agency for foreign shipping lines, provision of overseas services, selling of transport vehicles and industrial equipment, ship repair and fabrication and installation of offshore facilities, land transport activities, vessel chartering, and investing in real estate. In March 2016 the Company's extraordinary General Assembly approved the activity "Truck trading, and owning, selling, hiring, and leasing of all types of trucks." Moreover, Milaha has expanded its Offshore Marine services by establishing an overseas branch company in Singapore for undertaking the operations of offshore services in South East Asia. The Company already has branches in some GCC countries engaged in some activities of Milaha.

The Company acquired all the shares of Qatar Shipping Company in 2010. Before that, the Company was holding 15% of Qatar Shipping Company. In 2010 Milaha acquired the remaining 85% of the share capital of Qatar Shipping Company; and as a result of the acquisition, the Company gained full ownership of Halul Offshore Services Company as well.

The authorized and fully paid up capital of the Company amounts to Qatari Riyals 1,145,252,000 distributed over 114,525,200 shares. Currently the total number of Company employees approximates 4,092.

## 1. INTRODUCTION

The Company's Corporate Governance requires ratification of certain regulations and processes necessary for implementing the policies, procedures and measures that will establish relations between the management and the stakeholders, and lead to maximizing the returns to the stakeholders and various parties through exercising effective guidance on and control over the Company's activities, while maintaining integrity and objectivity. In broader terms, governance describes why developing of an organizational structure can enable a company to better manage its resources within a legal framework. It also ensures that adopting the international standards will enable the company to realize transparency, integrity, and trust in the Company's financial statements and thereby boost the confidence of debtors and lenders in the company and encourage them to enter into transactions with the Company in line with their strategies. Qatar Navigation believes that applying a proper corporate governance framework and principles is essential to assist the Company in achieving its goals and realizing better performance; moreover, this would improve its working environment internally and externally, safeguard the shareholders' interests, assist the company in assigning the roles and responsibilities perfectly, and will inevitably lead to substantiating the exact meaning of the principle of prioritizing public interest, company's interest, and stakeholders' interest before any other interest.

## 2. COMPLIANCE WITH GOVERNANCE PRINCIPLES

Qatar Navigation is committed to strengthening its Corporate Governance practices in line with local and global standards. The Board of Directors is developing proper governance rules which involve the highest standards of independence, supervision, and transparency in order to maintain the confidence of current and future investors. In order to substantiate this commitment, the Board sought the help of an international firm for developing a mechanism for monitoring the adherence to corporate governance practices as dictated by the new QFMA Corporate Governance Code and using it for improving the control on a regular basis. The Governance report sheds light on the main elements of the control system which have been designed and implemented for the fiscal year from 1 January 2017 to 31 December 2017. Further, the Board is committed to periodically review its policies, charters, and internal processes which should be followed by the Board members, high executive management, and all employees.

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- Further, the Board is committed to periodically review its policies, charters, and internal processes which should be followed by the Board members, high executive management, and employees.
- Qatar Navigation, as part of its method for protecting the company stakeholders and in compliance with the new Corporate Governance Code issued by QFMA, has established a separate section for risk management with the aim of monitoring and analyzing the risks and developing the internal control environment for ensuring the realization of all objectives of the company.
- The company has developed a plan for succession of Milaha employees. The planning will be executed in 3 phases, as follows:
  - Phase I is "Framework Development"; this has been done in 2018, and also approval of the executive management was obtained.
  - Phase II "preparation of the plan" which is expected to take place in 2019.
  - Phase III "Implementation of the plan". Execution of this phase is expected in 2020 as per the agreed targets.

## 3. BOARD OF DIRECTORS

The Company's Governance system includes the Board of Directors' charter approved by the Board members, which is matching with the provisions of the new QFMA Corporate Governance Code, incorporating the duties and responsibilities of the Board. One of the most important duties of the Board of Directors is that the board members should always be loyal to the interests of the Company and its shareholders. This duty requires the Board members to side with the interests of the Company and shareholders counter to their personal interests. The Board of Directors is required to rely on clear and transparent information and with due diligence, and to act effectively to the interest of the Company and shareholders. The Board has updated the charter of the Board of Directors for including all the duties and responsibilities provided for in the new Corporate Governance Code.

The Board of Directors also directs Milaha's investment policy in general, and is responsible for managing the company and setting its strategic targets. The Board has been given all the powers and authorities necessary for managing and steering the whole business of the Company, under Qatar's Commercial Companies Law and the Company's Articles of Association.

## 3.1 Formation of Board of Directors

The Board of Directors consists eleven members, majority of whom are independent and all are non-executive members; the term of membership for each Director is three years. A board member may be reelected more than once as per the Company's Articles of Association and the Commercial Companies Law. The current term of the Board started 18/3/2018 for the years 2018, 2019, and 2020.

The following table shows information about the Board members:

No.	Board member and entity he represents	Position in Milaha Board	Number of shares represented	Other information
1.	H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani	Chairman	144,403	H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al Thani has occupied the position of Milaha Board's member since 2000. Besides, he is the Chairman of QIB, and a board member of Qatar Insurance Company. [Non-executive, Non-independent member]
2.	H.E Sheikh Khalid bin Khalifa bin Jassim Fahad Al-Thani, representing Qatar Petroleum	Vice-Chairman	9,863,964	H.E Sheikh Khalid bin Khalifa bin Jassim Fahad Al Thani has occupied the position of Milaha Board's member since 2012; besides, he is the Chief Executive Officer of Qatar Gas Company, Chairman of Qatari Diar Company, and board member of Gulf International Services Company. [Non-executive, Non-independent member]
3.	H.E Sheikh Abdulrahman bin Saud Al Thani	Board member	252,248	H.E Sheikh Abdul Rahman bin Saud Al Thani has occupied the position of Milaha Board's member in 2018. Besides, he is a Minister of State in the Government of Qatar. He is a board member in each of Qatar National Bank and Qatar Insurance Company. Previously, H.E occupied the position of chief of staff of the Amiri Diwan. [Non-executive, independent member]
4.	H.E Mr. Ali Ahmad Al Kuwari	Board member	51,000	H.E Mr. Ali Ahmad Al-Kuwari has occupied his position as Milaha Board's member since 2005. H.E has been appointed Minister of Commerce and Industry in November 2018. He also occupies the position of Chairman of QDB, and the position of vice-chairmen in both QFMA and QE. Besides, he is a Board member in each of QP, Nakilat (representing Milaha), and QRDI Council. Previously H.E was the CEO of QNB Group from 2013 to 2018. [Non-executive, Non-independent member]
5.	Mr. Adil Ali Bin Ali, representing M/s Ali bin Ali Establishment	Board member	1,863,034	Mr. Adil Ali Bin Ali has occupied his position as Milaha Board's member since 1994; besides, he is the President of Ali Bin Ali Establishment, and a board member of each of Doha Insurance and QEWC. [Non-executive, Non-independent member]
6.	Mr. Saad Mohammad Saad Al-Romaihi	Board member	46,000	Mr. Saad Mohammad Saad Al-Romaihi has occupied the position of Milaha Board's member since 2010; besides, he is a board member of Qatar Manufacturing Industries Co. [Non-executive, independent member]
7.	Mr. Sulaiman Haidar Sulaiman Al-Haidar	Board member	40,000	Mr. Sulaiman Haidar Sulaiman has occupied the position of Milaha Board's member since 2003; besides, he is the chairman of Sulaiman Brothers Company, and a board member of Gulf International Services. [Non-executive, independent member]
8.	Mr. Hamad bin Mohammad Al-Mana	Board member	41,499	Mr. Hamad bin Mohammad Al-Mana has occupied the position of Milaha Board's member since 2009; besides, he is the vice-chairman & managing director of Mohamed Hamad Al-Mana Group. Also he is a board member of each of Doha Bank and Qatar Insurance & Reinsurance Company. [Non-executive, Non-independent member]

### 3. BOARD OF DIRECTORS (continued)

#### 3.1 Formation of Board of Directors (continued)

No.	Board member and entity he represents	Position in Milaha Board	Number of shares represented	Other information
9.	Dr. Mazen Jassim Mohammad Jaidah	Board member	98,326	Dr. Mazen Jassim Mohammad Jaidah has occupied the position of Milaha Board's member since 2009; besides, he is the president of the executive council of Jaida Holding. Also he is a board member in Qatar Foundation. He is holding a PhD. Degree in commercial economy & Middle East history. [Non-executive, independent member]
10.	Mr. Salman Abdullah Abdulghani Al Abdulghani	Board member	84,824	Mr. Salman Abdullah Abdulghani has occupied the position of Milaha Board's member since 2015; besides, he is project consultant of the board of directors of Hadara, president of the Council of Trustees of same, and a board member of QEWC representing Qatar Navigation. [Non-executive, independent member]
11.	Mr. Hitmi Ali Khalifa Al Hitmi, representing Ali bin Khalifa Al-Hitmi & Partners Co.	Board member	689,774	Mr. Hitmi Ali Khalifa Al Hitmi has occupied the position of Milaha Board's member in 2018. Besides, he is a board member of Ali bin Khalifa Al Hitmi & Partners Group. Previously he was a board member of Doha Insurance, Nakilat, and Barwa Real Estate Company. [Non-executive, Non-independent member]

#### 3.2 Powers of the Board of Directors

The Board of Directors has the widest authorities necessary for reviewing and outlining the Company's strategic goals and targets, and it is responsible for achieving these goals and targets by monitoring the implementation of the policies through the executive management. Under Qatar's Commercial Companies Law and the company's Articles of Association, the Board of Directors invites the shareholders to ordinary or extraordinary general assembly meetings in order to obtain their approval on the issues and resolutions which are not within the Board's authority. The Chairman will practice his responsibilities independent of the responsibilities of the Company's President & CEO, who is appointed by the Board of Directors. The organizational structure of the Company reflects the official responsibilities of either of them separately.

#### 3.3 Duties of the Chairman

According to the Company's Articles of Association and the Board's Charter, the duties of the Chairman include, for example but not limited to, ensuring that the Board is fulfilling its duties efficiently and effectively, including that he should make sure that the Board members are timely obtaining full information

about the Board's work, and that essential issues are discussed properly and effectively as per the agenda of each meeting, and that any issue proposed by any Board member is taken into consideration. The Chairman may delegate this role to another Board member.

#### 3.4 Meetings of the Board

The Board holds its periodic meetings according to a schedule pre-approved by the Board. At least six meetings per year should be held, under the provisions of the company's Articles of Association, and if necessary and on emergency grounds the Board may pass resolutions off meeting which shall be included in the agenda of the next meeting as per the Qatari Commercial Companies Law. A meeting of the Board shall be held upon an invitation from the Chairman or from the Vice-Chairman in his absence. Meeting shall also be invited to when two Board members request a Board meeting to be held. Such invitations should be sent at least seven days ahead of the scheduled meeting date along with a detailed agenda of the meeting.

In the financial year ending 31 December 2018, the Board of directors held six meetings, in addition to some resolutions adopted off-meeting.

#### 3.5 Secretary of the Board

The Board has appointed a Board Secretary working under the direct supervision of the Chairman. The secretary has a Certified Accountant certificate, extensive work experience in Milaha, affairs of listed companies, in addition to his experience in corporate governance processes and board of directors secretariat, for example without limitation preparing the Board meeting agenda, ensuring that the invitations for Board meetings are delivered to all Board members, as well as recording, maintaining, and distributing the Board resolutions to the competent departments after Board's approval. The Secretary is also required to follow up on the execution of the Board resolutions and shall present a report on the results to the Board in every meeting for review and ensuring that all resolutions issued by the Board has been executed, otherwise he shall provide the reasons of failure of executing the resolution(s). The Secretary is also responsible for distributing the relevant company information demanded by members of the Board.

The Board members have the right to utilize the services of the Board's secretary and his advice. The Board's Secretary can be appointed or dismissed only by a Board of Directors' resolution.

#### 3.6 Board of Director's Remuneration

The remuneration for the Board members is determined under Article (40) of the Company's Articles of Association and Article (119) of Qatar's Commercial Companies Law. Moreover, the Board recommends the amount of cash compensation for the Board members who are given any management responsibilities in the Company.

#### 3.7 Duties and Other Obligations of the Board

- The Board shall ensure that members of the Executive Committee, Incentives & Remuneration Committee, Nomination Committee, Audit Committee and the internal auditor, and representatives of the external auditors do attend the General Assembly Meetings.
- The Board shall hold induction session for the new Board members including a visual display in order to ensure that they understand the Company's activities and operations, and become fully aware of their obligations.

- The Board members are responsible for understanding their roles and duties and for having knowledge about the financial, commercial, and industrial issues, and about the operations and activities of the Company. For this purpose, the Board shall approve and implement adequate official training courses aimed at enhancing the skills and knowledge of the Board members.
- The Board members should always be aware of the latest developments in the area of governance and of the best relevant practices.
- The Board members are committed to attending the meetings of the Board regularly. In the event of absence, the provisions of Article No. (36) of the Company's Articles of Association and the Board's Charter shall be applied.

#### 3.8 Appointing of Board Members

As per the conditions mentioned in the Commercial Companies Law and the Company's Articles of Association, the following should be observed:

- Nomination and appointment of the Board members should take place in accordance with the procedures stated in the Commercial Companies Law and the Company Articles of Association.
- The Board of Directors formed a Nomination Committee in 2014 which has been re-formed after election of the Board of Direction on 18/3/2018. The Nomination Committee is required to verify the Applications for Nomination to the membership of the Board of Directors, ensure the applications' conformity with the conditions provided for in the Commercial Companies Law, Company's Articles of Association, as well as the stipulation of Article No. (5) of the Governance Charter. (nomination through the Committee does not prevent any shareholder of the company from standing by himself or from being nominated to the election)
- Nomination should take into consideration, among other things, the ability of candidates to give sufficient time for carrying out their duties as Board members, in addition to their skill, knowledge, experience, and their professional, technical and academic qualifications, and personality. Nominations should also take into consideration "the appropriate guidelines for nominating the Board members" which are subject to changes by the Authority from time to time.

#### 4. BOARD OF DIRECTORS COMMITTEES

The Board of Directors establishes Committees reporting to the Board. The performance of each committee is assessed by the Board based on the standards set in the Governance Charter. Generally, the Board committees do assist the Board in carrying out its duties, and the overall responsibilities of the Board in managing the Company.

The Board of Directors has established three committees for assisting the Board and facilitating the execution of the Board's obligations and responsibilities. The committees were:

1. Strategy & Investment Committee (previously: Executive Committee)
2. Audit Committee
3. Nomination and Remuneration Committee

No.	Name of the Member	Position
1.	H.E Sheikh Jassim bin Hamad bin Jassim Jaber Al-Thani	Chairman – President of the Strategy & Investment Committee
2.	H.E Sheikh Khalid bin Khalifa Al-Thani	Vice Chairman – Member of the Committee
3.	H.E Mr. Ali Ahmad Al-Kuwari	Board member – Member of the Committee
4.	Mr. Adil Ali Bin Ali	Board member – Member of the Committee
5.	Mr. Hamad bin Mohammad Al-Mana	Board member – Member of the Committee

#### 4.2 Audit Committee

This committee was initially established in 2003, and then has been repeatedly reformed in all subsequent terms of the Board, and last formation occurred after election of the new Board of Directors on 18/3/2018. The duties of the committee include assisting the Board in carrying out its supervisory responsibilities by reviewing the financial data presented to the shareholders and other relevant parties, and monitoring the findings and comments in the audit reports prepared by the Internal

The tables below show the Committees' formation and brief description of the duties assigned to each:

#### 4.1 The Strategy & Investment Committee

This committee was initially formed in March 2009, then it has been reformed in the subsequent terms of the Board, and last formation occurred after election of the new Board of Directors on 18/3/2018. The most important duties of the Committee, according to the Strategy & Investment Committee's Charter is overseeing the investment activities exceeding the value limit authority of the Chairman and the Chief Executive Officer, for protecting the interests of the Company from any future risks, and the Committee raises its recommendations in this regard to the Board. The committee held four meetings in the year 2018. Below are members of the Strategy & Investment Committee are:

Audit and External Auditors. The committee ensures the compliance of the departments and employees with the Board policies, applicable laws, regulations, and instructions. The committee submits to the Board periodical reports about the results of its activities. The committee does not include any member who was previously employed by the Company's external auditor. The committee held six meetings in the year 2018. Below are members of the Audit Committee:

No.	Name of the Member	Position
1.	Mr. Sulaiman Haider Sulaiman	Board member – Chairman of Audit Committee
2.	Dr. Mazen Jassim Jaidah	Board member – Member of Audit Committee
3.	Mr. Salman Abdullah Abdulghani	Board member – Member of Audit Committee

The Board has updated the Audit Committee's Charter for incorporating the changes required by the new Governance Code.

#### 4.3 The Nomination & Remuneration Committee

The Nomination Committee has been merged with the Incentives & Remuneration Committee in 2018 to become one committee named Nomination & Remuneration Committee. The Nomination duties are represented in verifying the nomination applications submitted by shareholders for participation in the election of members of the Board of Directors, and ensuring that the applications are meeting the prescribed conditions and controls under Qatar's Commercial Companies Law, Company's Articles of Association, and Corporate Governance Code. The Committee presents its recommendation on these applications for election in the General Assembly meeting.

No.	Name of the Member	Position
1	Mr. Adil Ali Bin Ali	Board member – Chairman of the Nomination & Remuneration Committee
2	H.E Sheikh Abdulrahman bin Saud Al Thani	Board member – Member of Committee
3	Mr. Saad Mohammad Al-Romaihi	Board member – Member of Committee

- The Nomination Committee should approve and publish its scope of work in a way that describes its authority and work, in accordance with the Nomination Charter approved by the Board of Directors.
- The role of the Nomination Committee will include conducting an annual self-assessment of the Board's performance. There is a mechanism set for self-assessment of the Board of Directors.
- The Nomination Committee must observe any conditions or requirements in connection with nominating, electing, or appointing the Board members issued by any other authority.
- The Board has updated the Charter of the Nomination & Remuneration Committee for incorporating the changes required by the new Governance Code.

In addition to the Board committees, and as part of the overall governance framework, Qatar Navigation has formed certain management committees to oversee the core business activities.

The remuneration duties include setting the policies for remunerating the Board members, management executives, and Company employees, and ensuring proper implementation of these policies. The remuneration for the executive management will be based on the profit recognized at the end of the financial year, and the Committee raises its recommendations in this regard to the Board of Directors. The committee held four meetings in the year 2018.

Below are members of the Nomination and Remuneration Committee:

#### 5. INTERNAL AUDIT

##### 5.1 Audit Plan

Before the beginning of every financial year, the manager of Internal Audit prepares a risk based internal audit plan, including the audit program and the proposed related budget, and presents both to the Audit Committee for approval.

The audit plan and the audit program cover the Company and all its business units and no activity is excluded from the scrutiny of internal audit. The internal audit staff members have full freedom to examine any documents or records they deem necessary for carrying out their obligation.

The Internal Audit Department is responsible for executing the audit plans and programs approved by the Audit Committee and submitting periodical reports which include their observations and recommendations to the Audit Committee. The Audit Committee periodically presents reports to the Board on significant audit issues and provides assurance to the Board about the existence of a sound internal control system in the Company.

## 5.2 Roles and Responsibilities of the Internal Audit Department

- The Internal Audit Department is responsible, in connection with disclosing the procedures followed in identifying the risks, for providing Milaha Board of Directors with reasonable assurance on the effectiveness of the governance system, internal controls, and risk management systems in Milaha and all its subsidiaries.
- The Internal Audit Department enjoys full freedom in order to function without limitation and express its opinion objectively, through reporting directly to the Audit Committee formed by Milaha Board of Directors. The management of Milaha is supporting the Internal Audit Department for ensuring its independence.
- The Internal Audit Department is responsible for performing an independent review on the Company's financial statements, records, regulations, procedures, and internal regulations in the Company's head office or any other premises, and for submitting the findings to the Audit Committee.
- The Internal Audit department is responsible for evaluating the internal controls applied for preventing the misuse of the company's assets and properties. The Department also conducts surprise warehouse inventory stock taking and cash counts at different locations. These activities are conducted to verify the existence of the fixed assets and ensure that they are recorded properly. The internal audit is responsible for ensuring that the operational processes are in line with approved policies and procedures which involve robust internal controls corresponding to each process of operations. The Internal Audit plays a role in strengthening the integrity and effectiveness of all business units of the company.
- The Internal Audit Department is responsible for ensuring that all activities of the Company are matching with the Company's policies and procedures, applicable laws in the State of Qatar, and the obligations arising from the contracts signed by the company, and also responsible for ensuring that the Company follows the best business standards and practices.
- The Internal Audit Department is responsible for evaluating the Company's operational procedures for identifying how the results are matching with set targets, and identifying how the procedures implemented are in line with the approved plans.
- The Internal Audit Department is responsible for evaluating the designs of the company's electronic data processing systems, and for making essential modifications to the current systems required for determining the efficiency and effectiveness of the internal control system.

## 6. THE EXTERNAL AUDITOR

- The external auditors are appointed by the General Assembly upon recommendations of the Board of Directors. In the General Assembly meeting held on 18 March 2018 the shareholders approved the appointment of M/s KPMG as the company's external auditor for the year 2018. KPMG is a licensed and accredited audit firm working independent from the Board of Directors and the Company's management.
- The Company usually ensures the nonexistence of any conflict of interests between the Company and the external auditors before appointing them. If it appears, after their appointment, that the matter had been otherwise, the external auditor shall be replaced. The external auditor or any of his staff may not be a member of the Board or occupy any position in the Company.
- The external auditors perform an independent audit of the annual financial statements and a review of the half yearly financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The financial reports are published in local newspapers in both Arabic and English languages and are posted on the websites of both the company and Qatar Exchange in order to allow the shareholders and the public in general to access the Company's information.
- The external auditors have the right to examine any records, books and documents in the Company and to ask for any information deemed necessary for carrying out their duty as auditor.
- Further, the external auditors are eligible to have meetings with the Audit Committee and with the Board. They also attend the General Assembly meetings for answering questions raised by the shareholders regarding the Company's financial statements.

## 7. THE DISCLOSURES

The Company is fully committed to QFMA disclosure requirements. The major events of the Company are disclosed to Qatar Exchange and to the media according to the instructions of QFMA and requirements of the company's Articles of Association, as follows:

## 7.1 Disclosure of Qatar Navigation Achievements in 2018

- Milaha is continuing its journey to become an important element in Qatar's growth and prosperity. For helping in the increasing industrial and consumption requirements in Qatar we launched in July 2018 "MAJD", which is the largest container vessel within our developing fleet.
- In last March we have inaugurated Milaha Logistics City, which represents an important investment of the company within the Qatari supply chain infrastructure, especially the requirements of cold supply chain.
- In May we have launched our first container feeder service between Qatar and Iraq, which is an extension of Qatar-Kuwait service we launched last year. This new service will contribute to the reconstruction efforts in Iraq, and will also help in the development of the growing commercial and economic ties between Qatar and Iraq.
- In July we have successfully boosted our operations and extended out our geographical and operational presence by entering into the African continent by "Milaha Explorer" one of our modern vessels within Milaha marine offshore services fleet comprising more than 47 vessels, including towing boats, offshore services vessels, and vessels supporting diving and construction etc. and other types of vessels supporting the coastline oil and gas industry.
- At home Milaha achieved new record levels in operations and safety, as the British Safety Council awarded Qatar Navigation in October the 5-star grade in vocational health and safety. This made Milaha one of few companies in Qatar which obtained the 5-Star award, a valuable far-reaching assessment, and we won the Sword of Honour for excellence in HSSEQ management.
- We have also accomplished a big step in digital transformation and updating our processes, as Milaha became one of the first companies in the Middle East that introduced robotic solutions in their back office processes. Further, we launched a major digital transformation plan for transferring some parts of our processes to Oracle Cloud Platform.
- In November Milaha has been awarded the "Sustainability and Resilience Award" upon the judgement of arbitral panel based in UK consisting of independent international experts. This is new appreciation of the role Milaha is playing in ensuring the continuity of its business in Qatar.

- Finally, one of our developments is that Milaha is working in partnership with Royal Haskoning DHV, a leading independent, international project management and engineering consultancy based in both UK and Netherlands, to execute our plans for upgrading our Shipyard facilities in preparation for further expansion in the existing markets and expansion into new operations.

## 7.2 Shares Owned by Board Members and Major Shareholders

We disclose below the number of shares held by members of the Board and by major shareholders as of 31/12/2018:

- Number of shares held by the Board members: 13,175,072
- Number of shares held by major shareholders: 39,153,882

## 7.3 Capital Structure, Shareholders Rights, and Major Transactions

- The Capital structure of Milaha is disclosed in the Company's Annual Report, which is presented to the shareholders General Assembly according to the International Accounting and Auditing standards. The Company's authorized and fully paid-up capital amounts to QR 1,145,252,000 distributed over 114,525,200 shares.
- In the event that substantial transactions are approved, against which the minority shareholders vote, the Board of Directors should ensure the protection of the minority shareholders.
- The Board is compliant with the stipulation of Article (7) of the company's Articles of Association through a mechanism ensuring equal rights to all shareholders in the sense that ownership of a single shareholder, whether a natural or legal person, may not exceed 10 % of the share capital.

## 7.4 Conflict of Interests and Insider Trading

In addition to the provisions of Milaha's Articles of Association and the Board of Director's Charter, the company adopts the policy detailed below regarding its processes for preventing conflict of interests and insider trading:

- The Company's policy for preventing conflict of interests and insider trading comprise general rules and procedures that govern the Company's involvement in any commercial transaction with a related party. In general, the company may not enter into any commercial transaction or contract with a related party, without fully observing the terms and conditions provided for in the Commercial Companies Law and the Company's policy on related parties, including the principles of transparency, equity, and disclosure.

- In the event of presenting to the Board's meeting an issue of conflict of interests or a commercial transaction between the Company and a member of the Board or a related party, this matter should be discussed in the absence of the concerned Board member. This member should never participate in voting on the transaction. In all cases the transaction should be made at market prices and on absolute commercial basis, and with no conditions contrary to the interests the Company.
- On the occurrence of such transactions they should be disclosed in the annual report which will be presented in the General Assembly meeting held after these commercial transactions.
- The trading in the Company's shares and other securities by members of the Board, executive management and key staff is disclosed. The Company is adopting clear rules and procedures governing such trading based on the procedures in force in Qatar Exchange.

#### 7.5 Legal Claims

The company's Legal Department is following up on the legal claims filed against the company and those filed by the company against other persons. Currently there are six claims filed against the company and on the other hand there twenty claims filed by the company against debtors; all these are being dealt with before Qatari courts. In addition, several claims have been resolved during 2018. None of the claims referred to above has material impact on the company.

#### 8. RIGHTS OF OTHER STAKEHOLDERS

The Company's executive management is safeguarding the rights of the stakeholders and related parties i.e. shareholders, employees, creditors, clients, customers, suppliers, investors, etc.

The Board of Director effectively ensures the application of the principles of fairness and equality among all employees without discrimination on the basis of race, gender or religion; further, the executive management is ensuring the distribution of incentives to the employees according to the remuneration policy approved by the Board.

Under the provisions of the Company's Personnel Regulations the executive management is required to encourage the employees by creating helpful work environment in the Company, resolve their problems without affecting their productivity and performance, and encourage them to unfold their problems frankly to their managers.

The Board is adopting a mechanism allowing the Company's employees to notify the Board about any suspicious behavior which may constitute legal violations or cause damages to the Company. The Board ensures confidentiality to such employees and will protect them from any harmful reaction by their managers or from other company employees.

#### 9. SHAREHOLDER RIGHTS

The shareholders surely enjoy the rights secured to them by the Commercial Companies Law and the Articles of Association, and Governance Charter of Milaha. Each shareholder attending the General Assembly meeting has the right to discuss the topics listed in the agenda and direct questions to the Board members and to the auditors. The Board members must answer the questions and queries raised by the shareholders without endangering the Company's interest.

The shareholders may also exercise their voting rights at the General Assembly meeting, and may delegate their voting rights to another member who is attending the meeting.

The annual General Assembly meeting of shareholders is held in accordance with Articles 46, 47, 48, and 49 of the Company's Articles of Association and the provisions of the Commercial Companies Law. The shareholders will receive notification of this meeting in advance. The notification shall be sent to the stakeholders, Qatar Exchange, and QFMA and shall be published in the local newspapers and the company's website. Copies of the Annual Report and the financial statements shall be provided to the shareholders before the meeting date in order to enable them participate in the discussions about the contents of the report with the Board of Directors.

##### 9.1 Shareholder Rights Regarding Distribution of Dividends

The Board of Directors presents to the General Assembly a clear policy on the distribution of dividends as per the company's Articles of Association and the Commercial Companies Law, and gives the ground that justify such policy based on the benefit of both the Company and shareholders.

##### 9.2 Obtaining of Information

- Every shareholder has the right to view the company's Memorandum of Association and the Articles of Association and to obtain general information about the Company as per the controls provided for in this regard.
- Milaha has a website where all disclosures and general information that should be made public are posted, in accordance with law, charter, and relevant rules.

#### 10. THE RECORDS OF SHAREHOLDINGS

10.2 The Company maintains correct and up-to-date records of the shareholdings based on information we get from Qatar Exchange.

10.2 According to the instructions issued by Qatar Exchange to listed companies, the shareholder records are deposited with Qatar Securities Central Depository Company which is the party responsible for shareholder affairs. The Company has delegated to Qatar Securities Central Depository Company the task of maintaining and organizing this record, under Articles (159) and (160) of the Commercial Companies Law. Any shareholder has the right to approach Qatar Securities Central Depository Company for viewing the record book as per the controls issued by Qatar Financial Markets Authority.

#### 11. INVESTOR RELATIONS

The Company maintains good relations with the shareholders through open and transparent communication channels. Information is regularly provided to the existing and prospective investors and related parties through the website of Qatar Exchange and various media venues in addition to the company's website: [www.milaha.com](http://www.milaha.com) The website provides detailed information to the shareholders about the Company's governance, financial statements and other important information. These can be accessed through Shareholders & Investor Relations window on the Company's website. In addition, phone conferences are held periodically for informing the shareholders and investors with the company's reports and performance, after the company has published all its annual, half yearly, and quarterly reports.

#### 12. CORPORATE SOCIAL RESPONSIBILITY POLICY

- Qatar Navigation Q.P.S.C (Milaha) as one of the leading marine shipping and logistics services companies with various activities in the Middle East, is committed with a compliance for supporting the communities in which it operates.
- The corporate social responsibility is an integral part of our strategy, as Milaha provides abundant annual financial support to the social and sports support fund (DAAM) under Law No. (13) of 2008 and related explanations issued in January 2010, in addition to the initiatives in the areas of environment, HSSEQ, employee welfare, and equal employment opportunities.

##### 12.1 Governance of Corporate Social Responsibility

- The Corporate Communications Department shall be responsible for managing and coordinating the Corporate Social Responsibility initiatives, and managing the requests for sponsorship and social responsibility events in the company, including conferences and speech events.

- The Corporate Communications Department shall request the company's social responsibility budget, which shall be approved by the Board of Directors within the annual budget for the company's business.

#### 12.2 Corporate Social Responsibility focus areas

- **Environment**  
Milaha is working diligently to mitigate the negative impacts on environment through continuous attempts for power saving, encouraging the recycling of used materials, and adopting Green initiatives in the workplace.
- **HSSEQ**  
Milaha is committed to protecting the safety and health of all individuals associate to it by providing safe, secure, and healthy work environment. Our objective is to conduct our operations with ensuring employee safety and zero accidents, mitigate the negative impacts through encouragement to practicing the activities with due responsibility and stimulate improvements through initiatives such as:
  - Blood donation day
  - Traffic day
  - Breast cancer awareness campaign
  - Health, safety, and environment in the work place.
  - Mental health care campaign.
- **Employee welfare**  
Milaha employees are viewed as its most valuable assets. We are completely complying with labour laws and regulations relevant to the company. We also set internal rules and controls for protecting the legal rights and interests of all our employees, care for our employees' affairs, and provide comfortable facilities for healthy and safe work environment.
- **Equal Employment opportunities**  
Milaha aims at protecting the rights of employment for qualified applicants and for Milaha employees irrespective to race, colour, gender, age, home country, disability and/or other categories protected by applicable laws.

#### 13. COMPLIANCE WITH LAW AND REGULATIONS

The Company is fully compliant with all laws, regulations, and systems applicable in Qatar; and has never been subject to fines or penalties from regulatory authorities for non-compliance with laws and regulations during the financial period. Such fines or penalties, if any, would have impaired the shareholders' rights.