

CORPORATE GOVERNANCE

for the financial year ending 31 December 2016



Brief History

Qatar Navigation (Milaha) Q.P.S.C (the Company) was incorporated on 5 July 1957 as a Qatari Shareholding Company and its shares are publicly traded in Qatar Exchange. The company's operational and commercial activities include marine transport, acting as agent for foreign shipping lines, providing overseas services, selling transportation vehicles and industrial equipment, repairing ships, manufacturing and installation of offshore facilities, conducting land transport, chartering vessels, and investing in real estate. The Company has a branch in Dubai, UAE which is engaged in various trading activities.

The Company acquired all the shares of Qatar Shipping Company in 2010. Prior to that, the Company had owned 15% of Qatar Shipping Company. The remaining 85% of the share capital was acquired in 2010. As a result of the acquisition, the Company gained full ownership of Halul Offshore Services Company as well, subsequent to the acquisition of Qatar Shipping Company.

The authorized and fully paid up capital of the Company amounts Qatari Riyals 1,145,252,000; accordingly the number of shares is 114,525,200. Presently the total number of Company employees approximates 3, 019.

1. Preface

The Company's Corporate Governance requires the determining of certain regulations and processes necessary for implementing the policies, procedures and measures that will establish relations between the management and the stakeholders. The objectives of Corporate Governance are to increase 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 an organizational structure can enable a company to better manage its resources within a legal framework. It also describes how adopting international standards will enable a company to realize transparency, integrity, and trust in the Company's financial statements and thereby boosting the confidence of debtors and lenders in the company and encouraging them to enter into transactions with the Company within 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 that would improve its working environment internally and externally, protect the interests of shareholders, and assist the company in distributing the roles and responsibilities perfectly.

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 committed to the setting of 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 setting a mechanism for monitoring adherence to Corporate Governance Practices and improve internal control. The Governance report sheds light on the main elements of the control system which were designed and implemented during the fiscal year from 1 January 2016 to 31 December 2016.

3. Board of Directors

The Company's Governance system includes the Board of Directors' Charter adopted by the Board members, which outlines the duties and responsibilities of the Board. One of the most important trustworthy duties of the Board of Directors is to be loyal to the interests of the Company and its shareholders. This duty requires the Board to side with the interests of the Company and shareholders counter to their personal interests, always and faithfully. The Board of Directors is required to rely on clear and transparent information and with due diligence, and act effectively to the interest of the Company and shareholders.

The Board of Directors is also responsible for directing the general investment policy of Milaha, supervising the Company's management activities, and setting the Company's strategic targets. Under Qatar's Commercial Companies Law and the Company's Articles of Association full powers and authorities have been vested on the Board of Directors for managing and running the whole Company's business.

3.1. Formation of Board of Directors

The Board of Directors consists of eleven members, and the membership term for each Director is three years. Election of the Board members may occur as per the Company's Articles of Association and the Qatari Commercial Companies Law. The Board of Directors' current term began in April 2015 for a period of three years (i.e. 2015- 2016- 2017).

The following table presents information relating to the Board members:

No.	Name	Membership since	Position in the Board	Function	Representation in other companies	Number of Shares
1.	Sheikh Ali bin Jassim bin Mohammad Al-Thani	2003	Chairman	Non-Executive		101,574
2.	Sheikh Khalid bin Khalifa Al-Thani	2012	Deputy Chairman	Non-executive and non-Independent	Qatar Petroleum	9,863,964
3.	Sheikh Jassim bin Hamad bin Jassim Jabor Al-Thani	2000	Member	Non-executive and non-Independent		144,403
4.	Mr. Adil Ali Bin Ali	1994	Member	Non-executive and non-Independent	Ali bin Ali Organization	1,863,034
5.	Mr. Sulaiman Haidar Sulaiman	2003	Member	Independent and Non-executive		40,000
6.	Mr. Ali Ahmad Al-Kuwari	2005	Member	Non-executive and non-Independent		51,000
7.	Mr. Saad Mohammad Saad Al-Romaihi	2010	Member	Non-executive and non-Independent		46,000
8.	Mr. Ali Hussain Al-Sada	2010	Member	Non-executive and non-Independent		1,070,180
9.	Mr. Hamad bin Mohammad Al-Mana	2009	Member	Non-executive and non-Independent		969,262
10.	Dr. Mazen Jassim Mohammad Jaidah	2009	Member	Non-executive and non-Independent		98,326
11.	Mr. Salman Abdullah Abdulghani	2015	Member	Non-executive and non-Independent		84,824

3.2. Authority of the Board of Directors

The Board of Directors has the widest authorities necessary for reviewing and setting the Company's strategic goals and targets, and it is responsible for achieving these objectives 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 for attending the ordinary or extraordinary general assembly meetings in order to obtain their approval on issues and resolutions which are not within the Board's authority. The Chairman will practice his responsibilities independent of the responsibilities of the President and CEO of the Company, who is appointed by the Board of Directors. The organizational structure of the Company reflects the official responsibilities of either of them separately.

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, the steering of the Board's work efficiently and effectively, including that he should ensure that the Board members are obtaining timely full information on 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.

3.3. Board Meetings

The Board holds its periodic meetings according to a pre-approved schedule. At least six meetings should be held annually as per the Articles of Association of the Company and according to the Qatari Commercial Companies Law No. 15 of 2015.

A Board meeting is held upon a call from the Chairman or his deputy (in the Chairman's absence) shall invite for the meeting. A meeting may also be invited for when two Board members so request. Invitations should be sent at least seven days prior to the scheduled meeting date along with a detailed agenda. The Board of directors has held five meetings, in addition to some resolutions adopted off-meeting, during the fiscal year ending 31 December 2016.

3.4. Secretary of the Board

The Board has appointed a lawyer to act as the Board Secretary working under the direct supervision of the Board's Chairman. The Board Secretary has experience in 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 meeting minutes to the members of the Board. After the Board approves the minutes, the Secretary distributes them to the relevant departments. The Secretary is also assigned with the task of following up on the implementation of the Board's decisions and presenting a report on the findings to the Board in every meeting.

for their review. The report will either provide a confirmation that all decisions issued by the Board are executed, or present the reasons behind the failure to execute the decision(s). The Secretary is also responsible for ensuring the distribution of information relating to the Company as and when requested by members of the Board.

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

3.5. The Board Committees

The Board of Directors establishes Committees reporting to Board which will assess the performance of each of the committees based on standards set in the corporate governance charter. Generally, the Board committees do assist the Board in performing its duties, and carrying out the overall responsibilities of the Board in managing the Company.

The Board of Directors has established four committees for assistance and to facilitate the execution of the Board's obligations and responsibilities. The committees were:

1. Executive Committee
2. Audit Committee
3. Incentive and Remuneration Committee
4. Nomination Committee

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

3.5.1. Executive Committee

This committee was initially formed in March 2009, then it has been reformed in the subsequent terms of the Board. The most important duties of the Committee, according to the Executive Committee's Charter is overseeing the investment activities, which are outside the authority of the Chairman and the Chief Executive Officer, in order to protect the interests of the Company from potential risks.

No.	Name of the Member	Position
1.	Sheikh Khalid bin Khalifa Al-Thani	Vice Chairman Chairman of the Executive Committee
2.	Sheikh Jassim bin Hamad bin Jassim Jabor Al-Thani	Board member Member of the Executive Committee
3.	Mr. Adil Ali Bin Ali	Board member Member of the Executive Committee
4.	Mr. Ali Ahmad Al-Kuwari	Board member Member of the Executive Committee
5.	Mr. Hamad bin Mohammad Al-Mana	Board member Member of the Executive Committee

3.5.2. Audit Committee

This committee was initially established in 2003, and then has been repeatedly reformed in all subsequent terms of the Board. 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. The Audit Committee also oversees and reviews the findings and comments in the audit reports prepared by the Internal Audit and External Auditors. The committee monitors the compliance of Departments with the Board policies and applicable laws, regulations, and authoritative instructions. The committee also submits periodical reports about the results of its activities to the Board. The committee does not include any member who was previously employed with the Company's external auditor. The committee held four meetings in the year 2016.

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

3.5.3. Incentive and Remuneration Committee

This Incentive and Remuneration Committee was formed by the Board in September 2010, and then it has been repeatedly reformed in all subsequent terms of the Board. Its duties include setting the remuneration policy for Board members and Company's 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 fiscal year.

No.	Name of the Member	Position
1.	Mr. Adil Ali Bin Ali	Board member Chairman of the Remuneration Committee
2.	Mr. Saad Mohammad Al-Romaihi	Board member Member of the Remuneration Committee
3.	Mr. Sulaiman Haider Sulaiman	Board member Member of the Remuneration Committee

3.5.4. Nomination Committee

The Nomination Committee was formed in the last quarter of 2014. The duties of the committee include reviewing the nominations for the Board of Directors' membership and monitoring adherence to Qatar's Commercial Companies Law, Company's Articles of Association, and standard corporate governance rules. The Nomination Committee presents the list of nominees for election in the General Meeting. The Nomination Committee also performs an annual self-assessment of the Board.

No.	Name of the Member	Position
1.	Saad Mohammad Al-Romaihi	Board member Chairman of Nomination Committee
2.	Dr. Mazen Jassim Jaidah	Board member Member of Nomination Committee
3.	Mr. Ali Hussain Al-Sada	Board member Member of Nomination Committee

3.6. Board Remuneration

The remuneration for the Board members is determined in accordance with 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 assigned with management responsibilities in the Company.

In addition to the Board committees, as part of the overall governance framework, the Company has formed management committees to oversee the main business activities.

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 transactions, for deterring the conflict of interests and insider trading:

- 4.1. 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.
- 4.2. 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. The member should never participate in voting on the transaction, and the transaction should be made according to market prices and on absolute commercial basis, and without including conditions contrary to the interests the Company.
- 4.3. On the occurrence of such transactions they should be disclosed in the annual report which will be presented in the General Assembly meeting following these commercial transactions.
- 4.4. The trading in the Company's shares and other securities by members of the Board, executive management and key personnel should be disclosed. The Company is adopting obvious rules and

procedures governing such trading based on the procedures in force in Qatar Exchange.

5. Duties and Other Obligations of The Board

- 5.1.** Ensuring the attendance of the members of the Executive Committee, Incentives & Remuneration Committee, Nomination Committee, Audit Committee and internal auditor, and representatives of the external auditors in the General Assembly Meetings.
- 5.2.** To hold induction session for the new Board members in order that they attain understanding of the Company's activities and operations, and become fully aware of their obligations.
- 5.3.** The Board members are responsible for understanding their role and duties and for educating themselves about the financial, commercial, and industrial issues, and the operations and activities of the Company. For this purpose, the Board should approve and implement adequate and official training courses aimed at augmenting the skills and knowledge of the Board members.
- 5.4.** The Board members should always be aware of the latest developments in the area of governance and of the best relevant practices.
- 5.5.** The Board members should regularly attend the meetings of the Board. In the event of absence, the provisions of Article No. (36) of the Company's Articles of Association and the Board's Charter will be applied.

6. Appointing The Board Members - Nomination Committee

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

- 6.1.** 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.
- 6.2.** The Board of Directors formed a Nomination Committee in 2014 which has been re-formed in 2015 from among the Board members prior to the next election of the Board members. The Nomination Committee is required to verify the applications of nomination to the membership of the Board of Directors, ensure the application's conformity with the conditions provided for in the Commercial Companies Law, Company's Articles of Association, as

well as the stipulation of Clause no. (15) of the Governance charter. (The nomination through the Committee does not prevent any shareholder of the company from standing by himself or from being nominated to the election)

- 6.3.** Nomination should take into account, among other things, the ability of candidates to departing ample time for carrying out their duties as Board members, in addition to own skill, knowledge, experience, qualifications (professional, technical and academic), and personality. Nominations should also take into account "the appropriate guidelines for nominating the Board members" which are subject to changes by the Authority from time to time.
- 6.4.** The Nomination Committee should approve and publish its framework in a way which accurately describes its authority and its role, in accordance with the Nomination Charter approved by the Board of Directors.
- 6.5.** The role of the Nomination Committee will include conducting an annual self-assessment of the Board's performance. Board self-assessment mechanism has been developed and the self-assessment exercise will be performed in 2016.
- 6.6.** The Nomination Committee must observe any conditions or requirements in connection with nominating, electing, or appointing Board members issued by any other authority.

7. Internal Audit

7.1. Roles and Responsibilities of the Internal Audit Department

The Internal Audit Department is responsible for providing Milaha's Board of Directors with reasonable assurance on the effectiveness of the governance system, internal controls, and risk management systems pertaining to Milaha and all its subsidiaries.

The Internal Audit Department enjoys full independence in order to perform without limitations and express its opinion objectively, owing to its reporting directly to the Audit Committee formed by Milaha's Board of Directors. The management of Milaha is responsible for supporting the Internal Audit Department in order to ensure 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 responsible for preventing the misusing 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 function is the strengthening of the integrity and effectiveness of the various business units of the company.

The Internal Audit Department is responsible for ensuring that all the Company activities are compatible with the Company's policies and procedures, applicable laws in the State of Qatar, and the obligations set out in the contracts signed by the company, and also responsible for ensuring that the Company follows the best standards and business benchmarks.

The Internal Audit Department is responsible evaluating the Company's operational procedures and identifying to what extent the results are matching with set targets, and identifying the extent the procedures implemented are matching with the plans.

The Internal Audit Department is responsible for evaluating the design of the data processing electronic systems of the Company, and for the essential modifications to the current systems required for determining the efficiency and effectiveness of the internal control system.

7.2. Audit Plan

At the beginning of every fiscal year, the Vice President - Internal Audit prepares a risk based internal audit plan and an audit program and present them 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 periodic 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.

8. 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 16 March 2016 the shareholders approved the appointment of M/s KPMG as the company's external auditor for the year 2016. KPMG are certified auditors working independently from the Board of Directors and the Company's management.

The Company usually ensures the absence of any conflict of interests between the Company and the external auditors before their appointment. If it appeared, after their appointment, that the matter had been otherwise, the external auditor should 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 as per International Financial Reporting Standards (IFRS). The financial reports are published in local newspapers in both Arabic and English languages and are also posted on the Company's website and Qatar Exchange's website 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 to perform their duty as auditor.

Further, the external auditors has to attend meetings with the Audit Committee and with the Board. They also attend the General Assembly meetings to answer questions raised by the shareholders regarding the Company's financial statements.

9. Disclosures

The Company is fully committed to abiding by QFMA disclosure requirements. The major events of the Company should be disclosed to Qatar Exchange and to the media according to the instructions of QFMA and requirements of the company's Articles of Association. A summary of the financial statements is sent to the shareholders prior to the General Assembly meeting. The annual report should be distributed to the shareholders in the General Assembly meeting. The annual report will include important information pertaining to the Company's activities and the financial statements prepared as per the International Financial Reporting Standards. Disclosed below is the number of shares held by the Board members and by major shareholders as of 31/12/2016:

- Number of shares held by the Board members : 14,332,567
- Number of shares held by major shareholders : 37,357,299

10. Records of Assets

10.1. The Company maintains up-to-date accurate records of the shareholdings based on information obtained 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 Authority which is the party responsible for shareholder affairs. The Company has delegated the task of maintaining and organizing this record, in accordance with Articles (159) and (160) of the Commercial Companies Law. Any shareholder has the right to approach Qatar Securities Central Depository Authority for viewing the record book as per the controls issued by Qatar Financial Markets authority.

11. Obtaining of Information

11.1. Every shareholder has the right to view the company's Memorandum of Association and the Articles of Association and obtain general information about the Company as per the controls provided for in this regard.

11.2. Milaha has a website where, according to law, charter, and relevant rules, all disclosures and general information that should be made public are posted.

12. 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 Commercial Companies Law, and justifies such policy based on the benefit of both the Company and the shareholders.

13. Capital Structure, Shareholders Rights, and Major Transactions

13.1. The Capital structure is disclosed in the Company's Annual Report. Which is presented to the shareholders General Assembly according to International Accounting and Auditing standards. The Company's authorized and fully paid-up capital amounts to QR 1,145,252,000 corresponding to 114,525,000 shares.

13.2. In the event that substantial transactions are approved while the minority shareholders voted against them, the Board of Directors should ensure the protection of the minority shareholders.

13.3. The Board is abiding by Article (7) of the company's Articles of Association through a mechanism that ensures equal rights for all the shareholders in the sense that ownership of a single shareholder, whether being a natural or legal person, may not exceed 10 % of the share capital.

14. 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 do ensure the application of principles of fairness and equality among all employees without discrimination on the basis of race, gender or religion.

The higher executive management is also undertaking the role of distributing 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 boosting positive work environment in the Company, and resolve their problems without negatively affect their productivity and performance, encourage them to unfold their problems freely to their managers.

The Board has adopted a mechanism allowing employees of the company to notify the Board about any suspicious behavior which may constitute legal violations or cause damages to the Company. The Board do ensure confidentiality to such employees and will protect them from any harmful reaction by their managers or other employees.

15. Shareholder Rights

The shareholders do enjoy the rights secured to them by the Commercial Companies Law and the Articles of Association, and Governance Charter of the Company. Each shareholder who attends the General Assembly meeting has the right to discuss the topics listed in the agenda and direct questions to the Board members and the auditors. The Board members must respond to the questions and inquiries raised by the shareholders to the extent that does not endanger the Company's interest.

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

The annual General Assembly meeting of shareholders is held in accordance with Article (49) of the Company's Articles of Association and the provisions of Commercial Companies Law. The shareholders will receive notification of this meeting in advance. The notification will be sent to the stakeholders, Qatar Exchange, and QFMA and published in the local newspapers and the company's website. Copies of the Annual Report and the financial statements will be provided to shareholders before the scheduled meeting to allow them to discuss the contents of the report with the Board of Directors.

16. 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 outlets in addition to the company's website: www.milaha.com. The website provides detailed information to the shareholders about the Company's governance, financial statements and other important information. This will be through accessing the Shareholders & Investor Relations window on the Company's website.

17. Compliance with Law and Regulations

The Company has never been subject to any fines or penalties from regulatory authorities for non-compliance with laws and regulations during the fiscal period. Such fines or penalties, if any, would have impaired the shareholders' rights.

Corporate Governance Checklist

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 1 Definitions	Definitions for the following items adopted by the company (in governance policies) in compliance with Article 1: <ul style="list-style-type: none"> • Independent Board Member • Non-executive Board Member • Major Transaction • Substantial Commercial or Financial Transactions • Related Party • Relative 	√			<ul style="list-style-type: none"> • The Company has adopted the definitions referred to in the corporate governance code for companies listed on Qatar Exchange, and regulated by Qatar Financial Markets Authority (QFMA). 	
Article 2 Comply or Clarify	Governance Report is prepared which defines the company's compliance with QFMA standards and provides explanations for items not complied with and the reasons and rationale for non-compliance	√			<ul style="list-style-type: none"> • The report has been prepared in accordance with QFMA corporate governance code, which is based on the principle of " " comply or explain the reasons for failing to comply" 	
Article 3 The company should adhere to the principles of governance	3-1 The Board shall ensure the company's compliance with QFMA Code	√			<ul style="list-style-type: none"> • The Board of Directors has the authority for reviewing and updating the Company's strategic targets and is responsible for achieving these targets through monitoring the application of the strategies by executive management, as outlined in Qatar's Commercial Companies Law and the Company's Articles of Association. 	
	3-2 The Board shall review and update the approved governance applications regularly	√				
	3-3 The Board shall set and periodically review rules of professional conduct for Board members, company employees and consultants. (Such Rules of Professional Conduct may include but not limited to the Board's Charter, Audit Committee Charter, Company Regulations, policy of Related Party Transactions and Insider Trading), the board shall also review the rules of professional conduct periodically for ensuring that such rules are reflecting the best practices and fulfill the requirements of the company	√				
Article 4 Board's charter	The Board shall approve its charter, which should detail the responsibilities and duties of the board members that they should fully adhere to. The charter should be drafted in accordance with the provisions of this system and as per the guidelines attached to the system. When reviewing the charter, the amendments introduced by the Authority from time to time should be considered, the charter should be published by the board on the company's website, available to the public	√			<ul style="list-style-type: none"> • The Board's Charter has been published on the Company's website. 	

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 5 Board's role & responsibilities	5-1 The company shall be managed effectively by the board of directors which shall be individually and collectively responsible for management of the company appropriately	√			<ul style="list-style-type: none"> The Board of Directors is also responsible for directing the general investment policy of the Company, supervising the Company's management activities, and setting the Company's strategic targets. Both Qatar's Commercial Companies Law and the Company's Articles of Association gave the Board of Directors full control and authority for managing the Company The Board of Directors has the authority to set and revise the Company's strategic targets and is responsible for achieving these targets through monitoring the implementation of the strategies by the executive management as stipulated in Qatar's Commercial Companies Law and the Company's Articles of Association. The Board of Directors has already developed appropriate governance rules which include the highest controls of independence, supervision, and transparency in order to maintain the confidence of current and future investors. The Board of Directors is undertaking the role of forming subordinate Committees and assessing the performance of these committees on the basis of the standards set out in the Corporate Governance Charter. Generally the Committees assist the Board in carrying out its responsibilities & duties in managing the Company. The Board of Directors has formed four committees for this purpose. 	
	5-2 In addition to the board obligations and responsibilities stated in the board of directors' charter, the board shall undertake the following tasks:	√				
	5-2-1 Approving the company's strategic targets, appointing the managers, determining their compensations and way of replacing them, reviewing the performance of the management and ensuring that plans for succession to the company's administration are in place	√				
	5-2-2 Ensuring the company's compliance with the relevant laws and regulations and the compliance with the company's articles of association, the board shall also be responsible for protecting the company from any illegal, abusive or inappropriate actions and practices.	√				
	5-3 The board has the right to delegate some of its powers to special committees to undertake certain duties; and the committees shall perform their tasks under clear written instructions regarding the nature of tasks. In all cases the board is held responsible for the powers or authorities it delegates and for the actions of these committees.	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 6 The fiduciary obligations of the Board members	6-1 The board shall represent all shareholders, carry out due diligence in managing the company, and comply with the corporate authority as outlined in relevant laws and regulations including this system and the board's charter	√			<ul style="list-style-type: none"> The Company's Governance Structure, including the charter adopted by the Board of Directors, is compiled in accordance with the provisions of Article no. (4) of QFMA Corporate Governance Code, which outlines the duties and responsibilities of the Board. One of the most important duties entrusted to a Board of Directors is to act to the best interest of the Company & shareholders. This duty requires the Board to place the interests of the Company and its shareholders above their own interests and to perform always faithfully and with due diligence. Board members shall always act on clear information, faithfully to protect the interests of the company and shareholders 	
	6-2 Board members shall always act on clear information, faithfully to protect the interests of the company and shareholders	√				
	6-3 The board members should act effectively to fulfill their responsibilities towards the company	√				
Article 7 Segregation of the positions of Chairman and the CEO	7-1 The same person may not hold or exercise both the position of chairman with the position of CEO or any other executive position in the company	√			<ul style="list-style-type: none"> The Chairman fulfills his responsibilities independently from the responsibilities of the President & CEO 	
	7-2 In all cases, no single person shall have unfettered decision making power.	√				
Article 8 Duties of the chairman	8-1 The chairman shall be responsible for ensuring the proper functioning of the board in an appropriate and effective manner including the board members' timely receipt of complete and accurate information	√			<ul style="list-style-type: none"> According to the Company's Articles of Association and the Board's charter, the duties of the Chairman include, but are not limited to, ensuring that Board members are adequately informed of all Board-related matters timely, ensuring that essential issues are discussed properly and effectively as per the agenda of each meeting, and taking into consideration any issue proposed by any member in the Board. The Chairman may assign this responsibility to another Board member, 	
	8-2 The chairman may not be a member of any board committees mentioned in this code	√				
	8-3 The duties and responsibilities of the chairman, along with the duties mentioned in this code, shall include but not limited to the following: 1. Ensure that the board discusses all main issues in an efficient and timely manner	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 8 Duties of the chairman	2. Approve the agenda of every board meeting taking in consideration any matter proposed by any board member, this task may be delegated by the chairman to a board member but the chairman shall remain solely responsible for any actions performed by the board member	√			<p>however the Chairman remains responsible for ensuring that the assigned Board member performs his task properly. The Chairman encourages all Board members to participate effectively in the Board activities to ensure that the Board is functioning in the best possible way. The Chairman also ensures that effective communication with the shareholders is maintained and that the opinions of shareholders are conveyed to the Board.</p> <ul style="list-style-type: none"> • In 2016 the Nomination Committee completed the mechanism for assessing the Board. 	
	3. Encourage all board members to fully and effectively participate in performing the duties assigned to the board to ensure that the board is functioning to achieve the interests of the company	√				
	4. Ensure that effective communication channels are in place with the shareholders and that their points of view are received by the Board.	√				
	5. Allow effective participation of the non-executive board members in particular and encourage any constructive relations between executive and non-executive board members	√				
	6. Ensure the completion of annual assessment of the Board's performance.	√				
Article 9 Board composition	9-1 The board's composition shall be outlined in the company's articles of association, such composition must include executive and non-executive board members as well as independent board members to ensure that decisions of the board are not dominated by an individual or by a small group	√			<ul style="list-style-type: none"> • Election of the Board members may take place as per the Company's Articles of Association and Qatar's Commercial Companies Law as amended and it is currently in force. • One of the most important duties entrusted to the Board of Directors is to work for benefit of the Company and its shareholders. 	<ul style="list-style-type: none"> • This is due to the amendment of the terms and conditions included in the Corporate Governance System for listed companies on 27 January 2009 which resulted in altering the stipulation of the Article from addressing the period of membership of a Board's member to providing for the percentage of shareholding of an independent Board member. Accordingly, the percentage of shareholding of an independent member shall not exceed the number of shares required for ensuring his membership in the Board of Directors
	9-2 At least one third of the board members must be independent members, and the majority of members must be non-executive members		√			
	9-3 A Board member must have adequate experience and knowledge to efficiently perform his duty to achieve the interests of the company, and he should give ample time for working to achieve the company targets	√				
	9-4 The candidate to a position of independent board member shall not be holding shares more than the number of shares required to ensure his membership in the board of directors			√		

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 10 Non-executive board members	10-1 Duties of non-executive board members include but not limited to the following:	√			<ul style="list-style-type: none"> Duties of non-executive members of the Board of Directors include, but not limited to, the following: Non-executive Board members participate in Board meetings and provide independent opinion on the strategic issues, performance and accountability, key appointments, and work standards etc. They also give priority to the interests of the Company and shareholders in the existence of conflicting interests. They participate in the Company's audit committee to evaluate the Company's progress towards achieving its agreed targets. This involves reviewing performance reports which include annual, bi-annual and quarterly reports. They also oversee the developing of the corporate governance policies and procedures and oversee the application of these policies and procedures depending on their skills, experiences, specializations, and qualifications. This is achieved through their association with various committees, regular attendance of the Board meetings, their effective participation in the general assemblies, and their understanding of the shareholders' requirements and opinions. Usually most of non-executive Board members seek the opinion of independent consultants on issues of the Company. 	
	10-1-1 Participation in the board meetings and give their independent opinion in relation to strategic issues, policy, performance, accountability, resources, key appointments and work standards					
	10-1-2 Ensuring that priority shall be given to the company's and shareholders' interests in case of conflict of interest	√				
	10-1-3 Participation in the company's audit committee	√				
	10-1-4 Monitoring the company's performance for realizing the targets agreed upon and reviewing its performance reports including the annual, half yearly and quarterly reports	√				
	10-1-5 Overseeing the laying down of procedural rules of Corporate Governance and ensure that such rules are implemented in accordance with such rules	√				
	10-1-6 Making their skills, experiences and diverse specializations available to the board of directors and its different committees through their regular presence in the board meetings and their effective participation in the GA meetings and understanding the shareholders' opinions in balanced and appropriate ways.	√				
10-2 The majority of the non-executive board members may ask for obtaining the opinion of independent external consultant at the company's expense, in relation to any issue relevant to the company	√					

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 11 Board meetings	11-1 The board shall hold meetings regularly to ensure that the board is effectively performing its duties. The board should hold at least 6 meetings annually, minimum one meeting every 2 months	√			<ul style="list-style-type: none"> The Board holds periodic meetings according to a pre-approved schedule. No less than six meetings should be held annually as per the Articles of Association of the Company and the Qatari Commercial Companies Law. A Board meeting is held upon a call from the Chairman or his deputy (in case of Chairman's absence). A meeting may also be held if two Board members call for a meeting. Invitations should be sent at least seven days before the meeting date along with a detailed agenda. During the fiscal year ending 31 December 2016 the Board of directors did hold 5 meetings in addition to some resolutions adopted off meeting 	
	11-2 The board shall meet when invited by the chairman or upon a written request presented by 2 board members, the invitation and the agenda shall be sent to the board members at least one week before the scheduled meeting, given that any board member have the right to add any issue to the meeting's agenda	√				
Article 12 Secretary of the Board	12-1 The board shall appoint a board secretary to perform the following duties: recording the minutes of board meetings and maintain the board decisions in a special record in a serial number, and reports raised to the board. The board's secretary shall, under the chairman's supervision, maintain and distribute the working papers of the meetings and the documents and the information and the agenda and shall coordinate with the board members and other stakeholders including the shareholders, the management and employees	√			<ul style="list-style-type: none"> The Board appointed a lawyer as Board Secretary to work under the direct supervision of the Board Chairman. The Board Secretary is well experienced in preparing the Board meeting agenda, ensuring that Board meeting invitations are delivered to all Board members, and in recording, maintaining, and distributing the meeting minutes to the Board. After the Board approves the minutes, the Secretary distributes them to the relevant departments. The Secretary is also assigned the task of following up on the implementation of the Board's decisions and submitting a report on the findings to the Board at every meeting for their review. The report will either provide a confirmation that all decisions issued by the Board are executed, or present the reasons behind the failure to execute the decision(s). The Secretary is also responsible for ensuring the distribution of information relating to the Company as and when required by members of the Board. 	
	12-2 The board secretary shall ensure that board members are having full and timely access to the minutes of board meetings, information, documents and records pertaining to the board of directors	√				
	12-3 Board members shall have access to the services and advises of the board secretary	√				
	12-4 the board shall have the sole right to appoint or remove the board's secretary	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 12 Secretary of the Board	12-5 It's preferable that the board secretary be a staff of a professional accredited accounting firm or a member of a recognized or chartered body of corporate secretaries or a lawyer or a graduate from a recognized university or equivalent, having at least 3 years of experience in handling the affairs of a public listed company.	√			The Board members have the right to utilize the services of the Board Secretary and request his advice. The Secretary can only be appointed or dismissed by resolution of the Board of Directors.	
Article 13 Conflict of interests and insider trading	13-1 The company shall adopt and announce its general rules and procedures that govern the company's transactions with related parties (known as the general policy of the company regarding related parties). In all cases, the company may not conclude any transaction with related parties unless the company is fully complying with the aforementioned policy, such policy include the principles of transparency, equity and disclosure in addition to obtaining the approval of the General Assembly before concluding any transaction with a related party	√			<ul style="list-style-type: none"> • The Company's policy for preventing conflict of interests and insider trading includes general rules and procedures governing a Company's transaction with any related party. The Company may not conclude any commercial transaction with a related party without ensuring that the terms and conditions are in line with the Commercial Companies Law and the Company's policy concerning related parties and follow the principles of transparency, equity and disclosure. Before the Company approves any deal with a related party, it must secure majority vote of the shareholders provided the concerned party does not participate in the voting exercise. • If an issue of conflict of interests or a commercial deal between the Company and a member of the Board or a related party is being considered, the matter should be discussed in the Board meeting in the absence of the concerned Board member. The member shall never participate in voting for the deal, and the deal should be made on market prices and on pure commercial basis and not including conditions impairing the Company's interests. • Such transactions should be disclosed in the Annual Report and shall be indicated specifically in the General Assembly following the commercial transactions. 	
	13-2 If the company's board is discussing any issue relevant to the conflict of interests is raised or any commercial transaction between the company and any of its board members or any related party who is in relation to any of the board members, then such discussion should take place in the absence of the concerned board member	√				
	13-3 In all cases, such transactions shall be disclosed in the company's annual report and shall be informed to the general assembly following such transaction	√				
	13-4 Any trading transactions by board members in the company's shares and securities should be disclosed and the company shall adopt clear rules and procedures to control such transactions performed by the board members or any of its employees	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 13 Conflict of interests and insider trading					<ul style="list-style-type: none"> The Board members' trading in the Company's shares and other securities is disclosed. The Company has adopted clear rules and procedures governing the trading of the Board members and employees in the company's shares as per the instructions issued by Qatar Exchange. 	
Article 14 Board's other duties and tasks	14-1 Board members shall have full and immediate access to information, documents and records of the company to enable them perform their duties and have a full knowledge about all the aspects relevant to the business, the executive management shall provide the board and its committees with all required documents and information	√			<ul style="list-style-type: none"> The Board of Directors must rely on accurate information in order to realize the interests of the Company and its shareholders. Ensuring the attendance of members of the Executive Committee, Remuneration Committee, and Audit Committee, internal auditors and representatives of external auditors in the General Assembly Meetings. To set a training program for the recently-appointed Board members to ensure their proper understanding the progress of the Company's business and its operations, and of their responsibilities. Board members are responsible for understanding their role and duties, educating themselves about financial, commercial, and industrial issues and the operations and activities of the Company. For this purpose, the Board should adopt and implement adequate and official training courses aimed at enhancing the skills and knowledge of the Board members. Board members should, at all times, be acquainted with the latest governance developments and best governance practices. 	
	14-2 The board members shall ensure the attendance of the nomination, remuneration and audit committees, board members, and representatives of the external auditor in the General Assembly meetings.	√				
	14-3 The board shall develop an induction program for the newly appointed board members in order to ensure that they are fully aware of the company's businesses and operations as well as their duties and responsibilities	√				
	14-4 The board members are responsible for having an appropriate understanding of their role and duties and for educating themselves in financial, business and industry practices as well as the company's operations and businesses. For this purpose, the board shall adopt an appropriate formal training to enhance the skills and knowledge of its members	√				
	14-5 The board of directors shall always be aware and updated of the latest developments and the best practices in Governance, the board may delegate the audit committee or the Governance committee or any other body as appropriate to perform the duty of updating.	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 14 Board's other duties and tasks	14-6 The company's articles of association shall include clear procedures for dismissing the board members in the event of absence from the board meetings	√				
Article 15 Board committees	The board shall evaluate the advantages of forming special committees to supervise the progress and performance of core functions, and decide the committees to be formed.	√			<ul style="list-style-type: none"> The Board of Directors forms Board Committees and assesses the performance of each based on the standards set out in the Corporate Governance charter. Generally the Board committees assist the Board in executing its duties and responsibilities in managing the Company. The Board of Directors has formed four committees to support and facilitate the carrying out of the Board's duties and responsibilities. The Board committees are as follows: Executive Committee - Audit Committee - Remunerations Committee - Nomination Committee 	
Article 16 Appointment of board members – nomination committee	16-1 Nomination and appointment of board members shall be made according to formal, rigorous and transparent procedures	√			<ul style="list-style-type: none"> Nomination and appointment of Board members should be made in accordance with the procedures stated in the Commercial Companies Law and the Company's Articles of Association. The Board of Directors has formed the Nomination in Q3 2014 and reformed in 2015 of three members including Head of the Committee to evaluate the nominees to the Board's membership and to ensure the conformity with Commercial Companies Law, Company's Articles of Association, and conditions set forth in Article no. (15) of the governance charter. Nomination by the committee does not prevent any shareholder from nominating himself or be nominated. 	<p>* All members of the Committee are non-executives, as the Board of Directors is currently unable to form the majority of the Committee from independent members because most of the existing members are non-independent. This is due to the stipulation of paragraph 4 of Article (9).</p>
	16-2 The board shall form a nomination committee chaired by an independent board member and shall comprise independent board members who will in return recommend the appointment and re-nomination of board members by the general assembly (for avoiding any doubt, nomination by the committee does not deprive any shareholder from his right to nominate himself or to be nominated)		√			
	16-3 Nomination shall take into consideration, among other things, the candidates' ability to perform their duties as board members in addition to their skills, knowledge and experience as well as their professional, technical and academic qualifications and personality, and should be based on "fit and proper" guidelines for nominating board members annexed to this code which may be amended by the authority	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 16 Appointment of board members – nomination committee	16-4 The nomination committee, when formed, shall approve and deploy its duties and roles in a way that clarifies its powers and role	√			<ul style="list-style-type: none"> Nominations should take into account, among other things, the ability of the candidates to assign time for carrying out their duties as Board members, in addition to their skill, knowledge, experience, qualification (professional, technical and academic), and personality. And can rely on the annexed guidelines on nominating members of boards of directors, subject to amending by the Authority from time to time. The Nomination Committee should approve and publish its scope of work in a way that accurately shows its powers and role. 	<p>* The condition regarding the number of shares required from independent members for ensuring their membership in the Board of Directors, stated in the existing Governance System, will be considered in the first extraordinary General Assembly meeting, after the Board of Directors will adequately study this in the light of the Commercial Companies Law No (11) of 2015, and present it to the extraordinary General Assembly meeting for approval.</p>
	16-5 Further, the role of the nomination committee shall include carrying out of annual appraisal of the board's performance.	√				
	16-6 Banks and other companies shall observe any conditions or requirements relating to the nomination, election or appointment of board members issued by QCB or another authority			√		
Article 17 Remunerations of the board members – remuneration committee	17-1 The board shall form a remuneration committee comprising 3 non-executive members at least provided that the majority are independent members		√		<ul style="list-style-type: none"> This Remuneration Committee was formed by the Board in September 2010, then was repeatedly reformed in subsequent terms of the Board. The committee's is mainly is determining the policy for remunerating the Board members, Company's employees, and ensuring adherence to these policies. Executive management remuneration depends on the profit achieved at the end of the fiscal year. 	<p>* All members of the Committee are non-executives, as the Board of Directors is currently unable to form the majority of the Committee from independent members because most of the existing members are non-independent. This is due to the stipulation of paragraph 4 of Article (9).</p> <p>* The condition on the number of shares required from independent members for ensuring their membership in the Board of Directors, stated in the existing Governance System, will be considered</p>
	17-2 The remuneration committee, when formed, shall deploy its scope of its roles, duties and main responsibilities and work accordingly	√				
	17-3 The remuneration's committee key role shall include determining the company's remuneration policy covering the remuneration of the chairman, board members, and high executive management	√				
	17-4 The board members' remuneration policy and principles shall be disclosed in the company's annual report	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 17 Remunerations of the board members – remuneration committee	17-5 The remuneration committee shall take the responsibilities and duties of the Chairman, board members, and high executive management members and the performance of the company in consideration. The remunerations may include a fixed portion and performance-related portion, noting that performance related components should be based on the company's long-term performance	√				in the first extraordinary General Assembly meeting, after the Board of Directors will adequately study this in the light of the Commercial Companies Law No (11) of 2015, and present it to the extraordinary General Assembly meeting for approval
Article 18 The Audit committee	18-1 The board of directors shall establish audit committee comprising 3 members at least the majority from independent members, the audit committee shall at least include one member having financial experience, in audit.	√			<ul style="list-style-type: none"> • The committee is made up of 3 members (1 Independent and 2 Non-executive). • The Audit Committee was initially established in 2003, and then was re-constituted by the Board in March 2015. The committee's duties include assisting the Board in carrying out its supervisory responsibilities by reviewing the financial data presented to the shareholders and other relevant parties. The Audit Committee also oversees and reviews the findings set forth in the audit reports developed by internal audit and external audit. The committee monitors the compliance of Departments with Board policies and applicable laws, regulations, and authoritative instructions. The committee also submits periodic reports about the results of its activities to the Board. The committee does not include any member who was previously employed with the Company's external auditor. The committee held four meetings during the year 2016. 	
	18-2 In all cases, any person who is or was employed by the company's external auditors within the last 2 years may not be member of the audit committee	√				
	18-3 The audit committee may consult, at the company's expense, any independent expert or consultant	√				
	18-4 The audit committee shall meet when needed, but at least once every 3 months and should record the minutes of its meetings.	√				
	18-5 In the event of any disagreement between the audit committee recommendations and the board's decision, including when the board refuses to adopt the committee's recommendations in connection with the external auditor, then the board shall prepare the governance report including a statement describing clearly such recommendations and the reasons behind the board's decision to reject the committee's recommendations	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 18 The Audit committee	18-6 The audit committee, when established, shall approve and publish its scope of work and key roles and responsibilities in the form of a charter. The responsibilities shall include the following in particular: a. Adopt a policy for appointing the external auditors. The committee shall report to the board all matters that, in the committee's opinion, require taking certain arrangements, and provide recommendations on the arrangements ought to be taken.	√			<ul style="list-style-type: none"> The Internal Audit Department is responsible for providing the Audit Committee assurance on the effectiveness of the governance structure, internal controls, and risk management framework pertaining to the Company and its subsidiaries. <p>The Internal Audit Department acts independently in order to ensure audit activities are carried out without any restrictions and with objectivity. The Internal Audit Department reports directly to the Company's Audit Committee</p> <ul style="list-style-type: none"> At the beginning of every fiscal year, the Vice President - Internal Audit prepares a risk-based Internal Audit plan and an audit program and present them 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 has the full freedom to examine any documents or records they deem necessary to execute their responsibility. <p>The Internal Audit Department is responsible for executing the audit plans and programs approved by the Audit Committee and submitting periodic reports which include their observations and recommendations to the Audit Committee. The Audit Committee periodically provides the Board with details on significant audit issues and provides assurance to the Board about the existence of an acceptable internal control system.</p>	
	b. To monitor and follow up on the independence and objectivity of the external auditors, and discuss with them the nature, scope, and efficiency of the audit in accordance with the international standards on audit and the international financial reporting standards	√				
	c. Oversee the accuracy and validity of the financial statements and the annual, interim and quarterly reports and review such statements and reports. In this regard, the committee shall particularly focus on the following: 1. Any changes to the accounting policies and practices	√				
	2. Matters subject to discretionary judgments by the high executive management	√				
	3. Significant changes resulting from the audit	√				
	4. The continuation of the company as a going concern	√				
	5. Compliance with the accounting standards determined by the Authority	√				
	6. Compliance with disclosure rules and any other requirements in connection with the preparation of financial reports	√				
	7. Compliance with applicable listing rules	√				
	d. Coordination with the board of directors, high executive management and the company's CFO or the person acting for him, and meeting with the external auditors at least once a year.	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 18 The Audit committee	e. Consider any significant and abnormal issues included or to be included in the financial reports and accounts, and to give due consideration to any issues raised by the company's CFO or the person acting for him, the company's compliance officer, or external auditors.	√				
	f. Review the financial and internal controls or risk management systems	√				
	g. Discuss the internal controls with the management and ensure that the management is performing its duties towards developing effective internal controls	√				
	h. Consider the findings of main investigations on internal control issues assigned to the committee by the board of directors or carried out by the committee as approved by the board.	√				
	i. Ensure the coordination between internal and external auditors, ensure the availability of necessary resources and the effectiveness of internal controls	√				
	j. Review the company's financial and accounting policies and procedures	√				
	k. Review the letter appointing the external auditor, the work plan of the external auditor and any significant queries it requests from the high management in connection with accounting records, financial accounts or controls, as well as the replies of the executive management.	√				
	l. Provide the board of directors with immediate reply to any queries and issues raised by the letters or reports of the external auditors.	√				
	m. Development of rules whereby the employees can confidentially report their suspensions regarding the financial reports or internal controls or any other suspicious matters, and to ensure the availability of the suitable arrangements that allow independent and fair investigation on such matters, while ensuring that confidentiality and protection are secured to the employees from any reprisals; these rules shall be presented to the board for approval	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 18 The Audit committee	n. Oversee the company's compliance with the rules of professional ethics.	√				
	o. Ensure that the rules of business relevant to such duties and powers as delegated by the board of directors are applied appropriately.	√				
	p. Submit a report to the board of directors on the matters included in this Article.	√				
	q. Study any issues as determined by the board of directors	√				
Article 19 Compliance with internal controls; and Internal Auditor	19-1 The company shall adopt internal controls, after being approved by the board of directors, to be used in the assessment of the methods and procedures of the risk management and for the implementation of the company's corporate governance approved by the company and the compliance with relevant laws and regulations. The internal controls should include clear standards for the responsibility and accountability of the company's departments	√			<ul style="list-style-type: none"> The Board of Directors is committed with setting proper rules for governance which includes the highest measures of independence, supervision and transparency in order to retain the confidence of current and future investors. In order to achieve this objective, the Board has sought the help of a global firm to set a mechanism for monitoring the extent of compliance with Corporate Governance Practices and enhance internal control. Roles and responsibilities of the Internal Audit Department: The Internal Audit Department is responsible for providing the Audit Committee with assurance on the effectiveness of the governance structure, internal controls, and risk management framework regarding Company and its subsidiaries. The Internal Audit Department works independently in order to ensure audit activities are carried out without restrictions and with objectivity. The Internal Audit Department reports directly to the Audit Committee. 	
	19-2 Internal controls shall include effective and independent risk assessment and management functions as well as financial and operational internal audit functions in addition to the external audit, the internal controls shall ensure that all related party transactions are handled in accordance with the relevant controls.	√				
	19-3 The company shall have an internal audit unit with clearly defined functions and roles. In particular, the internal audit unit shall be assigned with the following: 1. To verify the internal control system and oversee their application.	√				
	2. Should be managed by a qualified, operationally independent, and appropriately-trained work team.	√				
	3. The internal audit unit shall submit its reports to the board of directors directly or indirectly through the board's audit committee and shall be report to the board	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 19 Compliance with internal controls; and Internal Auditor	4. The internal audit shall be able to access all activities of the company.	√			The management is responsible for ensuring that the Internal Audit Department is working independently in reviewing the Company's financial statements in addition to the financial records, regulations, procedures, and internal regulations followed by Company's main office and branches, as well as submitting its reports to the audit committee.	
	5. The internal audit unit shall be independent even from doing day to day work, and enhance its independent by, for example, the remunerations of its members shall be determined by the Board directly.	√				
	19-4 The internal audit unit shall comprise one internal auditor at least appointed by the board of directors, and shall report to the board of directors.	√			The Internal Audit Department is responsible for evaluating the design and effectiveness of the internal controls on the Company's fixed assets for detecting or preventing misuse of group assets, controlling and managing the use of the Company's the fixed assets. The Department also conducts surprise 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 preventing the misuse of company assets, ensuring that the operational processes are aligned with approved policies and procedures. The Internal Audit Function aims at enhancing the integrity and effectiveness of the Company's commercial units.	
	19-5 The internal auditor shall prepare and submit the internal audit report to the audit committee and the board including a review and assessment of the internal controls of the company. The scope of the report shall be defined by agreement between the board (as recommended by the audit committee) and the internal auditor; provided that the report shall include the following in particular: - Procedures of monitoring and supervising the financial affairs, investments and risk management	√				
	- Comparing the development of risk factors in the company and the existing systems for combating the unexpected radical changes in the market	√				
	- Assessment of the performance of the board and high level management regarding the application of the internal control system including the number of times the board was informed about monitoring issues (including risk management) and the way the board addressed these issues.	√				
	- Failure in applying internal controls or the weaknesses or contingencies that have affected or may affect the company's financial performance and the procedures followed by the company in addressing the internal control failures (especially the issues disclosed in the annual reports and the financial statements of the company)	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 19 Compliance with internal controls; and Internal Auditor	- The company's compliance with internal controls when defining and managing risks	√			The Internal Audit Department bears the responsibility of evaluating the Company's operational procedures and determining the extent of compatibility of the results with the set targets, and whether or not the operational processes are implemented in line with the set targets.	
	- All relevant information that describe the company's risk management processes.	√				
	19-6 The internal audit report shall be prepared every three months	√			<p>The Internal Audit Department is undertaking the responsibility of assessing the IT systems of the Company, the electronic data that is generated by it, the essential modifications to the current systems prior to implementation in order to determine the extent of efficiency of the internal control system.</p> <ul style="list-style-type: none"> At the beginning of every fiscal year, the Vice President - Internal Audit prepares a risk-based annual Internal Audit plan and an audit program and presents them to the Audit Committee for approval. <p>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 has the full freedom to examine any documents or records they deem necessary to execute their responsibility.</p> <p>The Internal Audit Department is responsible for executing the audit plans and programs approved by the Audit Committee and submitting periodic reports which include their observations and recommendations to the Audit Committee. The Audit Committee periodically provides the Board with details on significant audit issues and provides assurance to the Board about the existence of a sound internal control system in the Company.</p>	

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 19 Compliance with internal controls; and Internal Auditor					<ul style="list-style-type: none"> The Audit Committee also oversees and reviews the findings set forth in the audit reports developed by internal audit and external audit. The committee monitors the compliance of Departments with Board policies and applicable laws, regulations, and authoritative instructions. The committee also submits periodic reports about the results of its activities to the Board. Four internal audit reports were raised during 2016. 	
Article 20 External auditor	20-1 The external auditor shall be independent and qualified; appointed by a General Assembly resolution upon the recommendation of the audit committee to the board of directors. The external auditor shall perform annual and interim independent audit of the financial information. The audit aims at providing the board and the shareholders with assurance that the financial statements are prepared in accordance with the governance system, relevant laws & regulations, international financial reporting standards, and that it accurately represents the financial position and performance of the company in all material respects	√			<ul style="list-style-type: none"> External Audit: The external auditors are appointed by the General Assembly based upon the recommendation of the Board. During the General Assembly meeting held on 16 March 2016, the shareholders have appointed KPMG, certified accountants. KPMG is an entity independent from the Company and its Board of Directors. The Company should ensure that there is no conflict of interests between the Company and the external auditors before their appointment. If a conflict of interests appeared after their appointment, the external auditor must be replaced. 	
	20-2 The external auditors shall comply with the highest professional standards and the company shall not assign them to provide any advice or services other than the financial audit of the company, the external auditors should be fully independent from the company and its board members and shall not have any conflict of interests with the company	√			<ul style="list-style-type: none"> 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 bi-annual financial statements that are prepared as per International Financial Reporting Standards. The financial reports are published in local newspapers in the Arabic and English languages and are also published on the Company's website and the Qatar Exchange website 	
	20-3 The external auditor should attend the company's annual general assembly meeting for presenting their annual report and answer any queries	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 20 External auditor	20-4 The external auditors are accountable to the shareholders and the company for applying their best professional care while carrying out their audit work. The external auditors shall be responsible for informing the Authority or any other regulatory body when the board fails to take appropriate action regarding any suspicious matter raised by the auditors.	√			for to provide shareholders and the public in general with access to the Company's information. The external auditors is obliged to attend meetings with the Audit Committee and the Board. They also attend the General Assembly meetings for answering the questions raised by the shareholders with regards to the Company's financial statements.	
	20-5 All listed companies shall change their external auditors every five years as maximum.	√				
Article 21 Disclosure	21-1 The company shall comply with all disclosure requirements including the submission of financial reports and the disclosure of the number of shares owned by the board members, key executives of the company, and major shareholders or the controlling shareholders. The company shall also disclose all the information about the board members including their CVs describing his/her respective education, profession, membership in other boards of directors, if any, as well as disclosure of member names of various committees formed by the board in accordance with article 5-3 along with the composition of such committees	√			<ul style="list-style-type: none"> The Company is fully abiding by all disclosure requirements imposed by the QFMA. Major events related to the Company should be disclosed to the Qatar Exchange and the media according to the requirements of QFMA and the Company's Articles of Association. A summary of the financial statements should be sent to the shareholders prior to the General Assembly meeting. The annual report should be distributed to the shareholders in the General Assembly meeting. The annual report will include important information about Company's activities and the financial statements that are prepared as per the International Financial Reporting Standards. The following is a disclosure of the number of shares held by Board members and the major shareholders as of 31/12/2016: <ul style="list-style-type: none"> - Number of shares held by the Board members: (14,332,567) - Number of shares held by major shareholders: (37,357,573) 	
	21-2 The board shall ensure that all disclosures made by the company provide accurate and true information and are not misleading	√				
	21-3 The company's financial reports shall comply with the requirements of IFRS/IAS and ISA standards, the reports of the external auditors shall include a statement whether the external auditor obtained the required information and whether the company is in compliance with the IFRS/IAS standards and whether the audit was performed in accordance to IAS standards	√				
	21-4 The audited financial reports of the company shall be disseminated to all shareholders	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 22 The rights of shareholders and main ownership elements	The shareholders shall enjoy all the rights conferred to them by relevant laws and regulations including this governance system and the company's articles of association, the board shall ensure the protection of shareholders rights fairly and equitably.				<ul style="list-style-type: none"> The shareholders do enjoy all their rights under the Commercial Companies law, Company's Articles of Association, and Corporate Governance Charter. 	
Article 23 Ownership records	23-1 The company shall keep valid and updated ownership records	√			<ul style="list-style-type: none"> The Company maintains up-to-date accurate records of its shares based on the information obtained from Qatar Exchange According to the regulations issued by Qatar Exchange for listed companies, shareholder records are maintained by QE administration which is the body responsible for shareholder affairs. The Company delegated the task of maintaining and organizing the records to QE administration in line with Articles (159) and (160) of the Commercial Companies Law. The shareholders shall approach QE when the wish to check and ensure that the records are maintained as per the relevant approved legislations. 	
	23-2 Shareholders shall have the right to review and access the shareholders record for free during the company's working hours or as determined in the procedures for obtaining information set out by the company	√				
	23-3 A shareholder shall have the right to receive a copy of the following documents: board members record, the company's memorandum of association and articles of association, the documents that create liens or rights on the company's assets, contracts of related party transactions, and any other document required by the Authority from time to time, against fees fixed by the Authority.	√				
Article 24 Access to information	24-1 The company shall include in its memorandum and articles of association the procedure for obtaining information in a way that ensures the shareholders rights of getting company documents and information timely manner on regular basis is protected. The procedure for obtaining information should be clear and detailed and shall determine the following: 1. The obtainable company Information including the nature of information continuously available to the shareholders who represent a low percentage of share capital.	√	24-1		<ul style="list-style-type: none"> 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 Articles (22-3) and (23-1) of the Corporate Governance Charter. The shareholder must submit a written application to the Company's General Manager listing the documents he wishes to review and the information he wishes to obtain so that the Company can provide the documents and information within reasonable time. 	
	2. A clear and explicit procedure for obtaining such information	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 24 Access to information	24-2 The company shall have a website where all relevant and public information shall be posted, this include all information required to be made public under this charter or any other relevant laws and regulations	√			<ul style="list-style-type: none"> All disclosures and general information required to be made public according to the CGC, laws and other statutory requirements are published on the company website. 	
Article 25 Shareholders' rights in connection with General Assemblies	The company's memorandum and articles of association shall include provisions ensuring the shareholders' right in calling for general assembly to be held in a reasonable time, right to enlist items in the agenda, right to ask questions and get answers, and the right in decision making as being fully informed about the issues under discussion	√			<ul style="list-style-type: none"> Shareholders do enjoy the rights and provided for by the Commercial Companies Law, Company's Articles of Association, and the Corporate's Governance Charter. Each shareholder attending the General Assembly meeting has the right to discuss the subjects listed in the agenda and direct questions to the Board members and the auditors. The Board members must respond to the questions and inquiries raised by the shareholders as these do constitute risk to the Company's interest. 	
Article 26 Equitable treatment of shareholders and exercise of voting rights	26-1 All shares of same class shall have the same rights	√				
	26-2 Proxy voting is allowed in accordance with the relevant laws and regulations	√				
Article 27 Shareholders' rights in electing members to the board of directors	27-1 The company's memorandum & articles of association should include provisions ensuring that the shareholders shall be given, before the election, information about the candidates to the membership of the board involving description of their professional and technical skills, their experience and other qualifications	√			<ul style="list-style-type: none"> Updated memo on the item refers to the voting mechanism as per the Commercial Companies Law 	- Relying on the circular issued by the Authority on 10.2.2016 regarding the mechanism of voting in electing members of the board of directors, taking into consideration the provision of Article (72) of the company's articles of association.
	27-2 Shareholders shall have the right to elect the board members by accumulative voting		√			

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 28 Shareholders rights regarding the dividend	The board of directors shall provide the general assembly a clear policy governing the dividends. The policy shall include a detailed description based on serving both interests of the company and shareholders	√			<ul style="list-style-type: none"> The Board of Directors presents to the General Assembly its recommendation based on the approved policy on distribution of dividends, under the Commercial Companies Law and company's articles of association approved by the General assembly 	
Article 29 Capital structure, shareholders' rights and major transactions	29-1 The capital structure shall be disclosed and the companies should define the type of shareholders agreements ought to be disclosed	√			<ul style="list-style-type: none"> The capital structure is disclosed in the Company's Annual Report, which has been presented to the General Assembly and to the shareholders according to international accounting and auditing standards. The Company's authorized and paid-up capital amounts Qatari Riyals 1,145,252,000 corresponding to 114,525,000 shares. In the event that substantial transactions are approved while the minority shareholders vote against, the Board should recommend to the extraordinary GA to revise the Company's Articles of Association for ensuring the protection of minority shareholders' rights. 	Under general provisions, Article (72) of the company's articles of association states that the provisions of the Commercial Companies Law No. (11) of 2015 shall apply on the matters not provided for specifically in the AOA. All the amendments made to the law shall be considered as supplementing or amending clauses to this AOA. - A proposal has been tabled to the extraordinary GA to be held during current year 2017, for introducing a provision in the AOA involving the protection of the minority shareholders' rights.
	29-2 Companies shall include in their memorandum of association and/or articles of association certain provisions for protecting the minority shareholders in the event of approving a substantial transaction which the minority shareholders vote against.		√			
	29-3 Companies shall include in their memorandum of association and/or articles of association a mechanism that ensures the offering of a public sale or ensures the practice of parity rights in the sale of shares in the event of ownership change exceeding a specific percentage (ceiling). On determining the ceiling, consideration shall be given to the shares owned by a third party but are under the control the shareholder who is disclosing, including the shares involved under shareholders' agreements which must be disclosed as well.		√			
Article 30 Rights of other stakeholders	30-1 The company shall respect the rights of the other stakeholders. Where the stakeholders participate in the governance, they shall have access to relevant, sufficient and reliable information timely and regularly.	√			<ul style="list-style-type: none"> The Company's Executive Management aims at protecting the rights of the stakeholders and related parties (shareholders, creditors, employees, customers, clients, suppliers, investors, etc.). The board of directors ensures that company employees are treated as per justice and equality principles without discrimination on grounds of the race, gender, or 	

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 30 Rights of other stakeholders	30-2 The board of directors shall ensure that employees of the company are treated as per justice and equality principles without discrimination on grounds of the race, gender, or religion	√			religion. The executive management is responsible for distributing incentives to employees according to the bonus policy approved by the Board. The Board has adopted a mechanism allowing employees in the Company to notify the Board about any suspicious behavior which may constitute legal violations or cause damage to the Company. The board does ensure to the employees reporting as such to the board confidentiality and protection from any mischief or negative reaction by other employees or by their superiors.	
	30-3 The board shall develop a policy on bonus for granting incentives to the employees and management of the company which would always help the company's interest. This policy shall take into consideration the long-term performance of the company	√				
	30-4 The board shall adopt a mechanism that allows the employees of the company to report any suspicious behavior to the board if such behavior is unethical, illegal or detrimental to the company. The board shall ensure to the employees reporting as such to the board confidentiality and protection from any mischief or negative reaction by other employees or by their superiors	√				
	30-5 Companies shall comply fully with the provisions of this article, as it is excluded from the principle of compliance or justifying the failure to comply.	√				
Article 31 Governance report	31-1 The board shall prepare annual corporate governance report signed by the chairman	√				
	31-2 The governance report shall be forwarded annually to the Authority, and any time the Authority so requires, along with the annual report prepared by the company in compliance with the periodical disclosure obligation.	√				
	31-3 "Governance Report" item shall be included in the agenda of the ordinary GA meeting and copy of the report shall be distributed to all the shareholders during the meeting	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 31 Governance report	31-4 The governance report shall include all the information in connection with the implementation of the provisions of the Governance system, for example but not limited to the following: 1. The procedures followed by the company in this respect	√				
	2. Disclosure of any violations committed during the fiscal year, respective reasons, remedial method, and ways of avoiding the same in the future	√				
	3. Disclosure of the names of the board members, board committees' members, and their responsibilities and activities during the year as per their categories and powers; in addition to the methods used in determining the remunerations of the board members and key executive management of the company	√				
	4. Disclosure of the internal control measures including the supervision over the financial affairs, investments and risk management	√				
	5. Disclosure of the procedures followed by the company in identifying the significant risks encountered, and the methods of assessing and managing them, and disclosure of comparative analysis of the elements of risk encountered by the company and discussion of the systems adopted for facing the radical or unexpected market changes	√				
	6. Disclosure of the performance of the board and the key management in implementing the internal controls including the number of times the board was notified about control issues (including risk management) and the way the board addressed such issues.	√				

Corporate Governance Checklist (Continued)

Article #	Item #	Compliance	Non-compliance	N/A	Governance applications	Non-compliance justifications
Article 31 Governance report	7. Disclosure of the instances of failing to apply the internal controls totally or partially, the weaknesses in applying them, or disclosure of the contingencies that have affected or may affect the company's financial performance, and the procedure followed by the company in addressing the instances of failure in remedying the internal controls, particularly the problems disclosed in the company's annual reports and financial statements	√				
	8. Disclosure of the company's compliance with valid listing systems and disclosure of the rules and requirements of listing	√				
	9. The disclosure of the company's compliance with the internal controls for identifying and managing the risks	√				
	10. All relevant information describing the processes of the company's risk management and the internal controls applied by the company	√				