

Company Governance Report

Year 2012

GOVERNANCE FRAMEWORK PROCESS

A.1. BOARD MEMBERS

The Board of Directors of the Company shall be elected through the General Assembly of the Shareholders, pursuant to the terms and regulations incorporated in the Commercial Companies Law and provisions of the Company's Constituent Regulation which stipulates that the candidate for election to the membership of the Board of Directors must own a number of shares not less than 50,000.

As part of the items of the agenda of the Company's General Assembly, held in February 2012, a new Board was elected to assume office for three years (2012 – 2014), including prominent Qatari businessmen in the different economic fields. The New (elected) Board shall be consisted as follows:

NO.	NAME OF MEMBER AND POSITION	REPRESENTATION	SHARES OWNED (%)	NO. OF SHARES OWNED
1	Sh. Nawaf Bin Nasser Bin Khaled Al Thani (Board Chairman)	Himself	0.79	183,898
2	Sh. Khalifa Bin Jassim Bin Mohammed Al Thani (Board Vice Chairman)	Arabian Construction Engineering Co	0.39	91,949
3	Mr. Adel Ali Bin Ali Al Muslamani (Managing Director)	Himself	0.39	91,949
4	Sh. Jaber Bin hamad Bin Jassim Al Thani (Board Member)	Himself	0.39	91,949
5	Sh. Ali Bin Nasser Bin Abdullah Al Ahmad Al Thani (Board Member)	Nasser Bin Abdullah & Sons Co	0.39	91,949

6	Brigadier Dahlan Jamaan Basheer Al Hamad (Board Member)	Armed Forces Common Investment Fund	2.36	551,694
7	Mr. Victor Nazim Redda Agha	Burooq Trading Co	2.70	631,763
8	Mr. Hussam Abdul Salam Mohamed Abu Essa (Member)	Himself	0.4/8	111,295
9	Mr. Saud Omar Hamad Al-Mana (member)	Almana Group	0.28	65,000
10	Mr. Hitmi Bin Ali Al_Hitmi (Member)	Ali Bin Khalifa Al Hitmi & Co	0.39	91,949
11	Mr. Hassan Jassem Darwish Fakhroo (Member)	Himself	0.63	147,118

It is not possible at the present time to classify the Board of Directors into executive, non-executive and independent members, as their election has been made pursuant to the membership conditions provided for in the Commercial Companies Law No. (5) of 2002 and the Company's Constituent Regulations which provided for such classification. Requirements of the governance system in this regard shall be taken into account as and when applicable laws so permit.

The newly formed Board has performed the tasks assigned to it as the prime body authorized to realize objectives of the company and to set up and ensure success of policies and strategies. The Board also held a series of meetings during the 2012 fiscal year (6 meetings), which came in line with the requirements of legislations in force and Article (33) of the Company's Constituent Regulations which stipulated that such meetings must meet a minimum number of 6 during any given fiscal year.

a.2. The Company's Board of Directors, in pursuit of achieving the aspired objectives of applying the Company's governance system, has set up the following committees:

1. INVESTMENT COMMITTEE:

Responsible for studying available investment opportunities offered to the Company, whether by Board Members or by others, and taking decision accordingly. It is also

mandated to work for achieving optimum returns on the Company's deposits and taking the proper actions regarding the Company's investment portfolio. In general, this committee is responsible for setting up strategies and advising the investment policies of the company according to the mandate vested on it by the Board of Directors.

NAMES OF THE INVESTMENT COMMITTEE MEMBERS:

NO.	NAME	JOB TITLE
1	Sh. Khalifa Bin Jassim Bin Mohammed Al Thani	Board Vice Chairman
2	Mr. Adel Ali Bin Ali Al Muslamani	Managing Director
3	Brigadier Dahlan Jamaan Basheer Al-Hamad	Board Member
4	Sh. Jaber Bin hamad Bin Jassim Al Thani	Board Member
5	Mr. Hussam Abdul Salam Mohamed Abu Essa	Board Member
6	Mr. Hitmi Bin Ali Al_Hitmi	Board Member

2. REAL ESTATE COMMITTEE:

One of its core tasks is to study the investment opportunities in the real estate field and to take the proper decisions regarding purchase and selling of Company-owned properties and drawing invitation offers for constructing new properties.

NAMES OF THE REAL ESTATE COMMITTEE MEMBERS:

NO.	NAME	JOB TITLE
1	Sh. Khalifa Bin Jassim Bin Mohammed Al Thani	Board Vice Chairman
2	Mr. Adel Ali Bin Ali Al Muslamani	Managing Director
3	Mr. Hitmi Bin Ali Al_Hitmi	Board Member

3. AUDIT COMMITTEE:

The body is responsible for reviewing the financial statements, approving the contractual plan with the Internal and External Audit Offices, ratifying the required recommendation to the Board of Directors, furnishing the internal control environment and compliance with the rules and regulations. It is also responsible for endorsing the work regulations, the directives and policies that secure the implementation of Company's work plans.

NAMES OF THE AUDIT COMMITTEE MEMBERS:

No.	Name	Job Title
1	Mr. Victor Nazim Redda Agha	Board Member
2	Sh. Ali Bin Nasser Bin Abdullah Al Hamed Al Thani	Board Member
3	Mr. Hussam Abdul Salam Mohamed Abu Essa	Board Member

4. REMUNERATION COMMITTEE:

It is the body entitled to determine the remuneration policies as relating to the members of the Board of Directors and the executive management of the Company. The Committee is guided by provision of Article (118) of the Commercial Companies Law in determining remuneration of the members of the Board of Directors, to the limit of 10% of the net profits upon deducting the amortization and reserve funds and after distributing an assumable profit share to the shareholders to the tune of 5% of the capital.

The committee shall also determine the annual remuneration for the chief executive officer, the executive management and employees in the Company, in light of the results achieved during the fiscal year.

NAMES OF THE REMUNERATION COMMITTEE MEMBERS:

NO.	NAME	JOB TITLE
1	BRIGADIER DAHLAN JAMAAN BASHEER AL-HAMAD	Board Member
2	MR. SAUD OMAR HAMAD AL-MANA	Board Member

3	MR. HASSAN JASSEM DARWISH FAKHROO	Board Member
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A.3. INTERNAL CONTROL:

The Management of the Company submits regular reports showing the Company's Financial Status, outcome of insurance operations and performance of the management.

The financial statements are be published in daily newspapers as per the requirements of applicable laws, as well as making them available on the Company's website. M/s Ernest & Young has been appointed to conduct the task of internal auditing for the year 2012/2013.

A.4. RISK MANAGEMENT:

The Company has no authorized risk management committee, as the management self review the risk on regular basis and takes proper action accordingly, whether directly by specialized technical departments in coordination with the chief executive officer of the Company, or through sub-committees emanating from the Board of Directors, and whether relating to insurance or investment operation risks or other processes.

A.5 COMPLIANCE :

The Company complies itself with the regulations applied by Qatar Exchange, Qatar Financial Markets Authority (QFMA); no violation have been imposed on the Company throughout the fiscal year 2012.

The Company is currently on the course to apply the governance system to the extent allowed by legislations and laws in force. It is also embarked on preparing the governance report in compliance with QFMA instructions. Additionally, the Company has set up the Company's corporate Governance System Charter and furnished QFMA with a copy thereof.

B. SCOPE OF THE IMPLEMENTATION OF THE GOVERNANCE :-

SLN	Item	Article (1) Definitions	applicable	Not applicable	Notes
1	1	Definitions .	√	—	The company has adopted the definitions

SLN	Item	Article (2) compliance or illustration	applicable	Not applicable	Notes
1	2-1	The company shall comply with the standards of corporate governance and provide clarification for non-compliance.	√	—	this report has been prepared in accordance with these requirements

SLN	Item	Article (3) the company's commitment to the principles of corporate governance.	applicable	Not applicable	Notes
1	3-1	The board of directors is keen to ensure the company's commitment to the corporate governance standards	√	—	
	3-2	The board of directors is committed to prepare the rules of professional conduct and to review and develop.	√	—	The rules of professional conduct were adopted.

SLN	Item	Article (3) the company's commitment to the principles of corporate governance.	applicable	Not applicable	Notes
1		Adoption of the charter of the board of directors	√	—	The charter of the board of directors is adopted.
2		The charter of the board of directors should be published.	√	—	The charter has been published on the website.

SLN	Item	Article (5) Board of Directors Mission Responsibilities	applicable	Not applicable	Notes
1	5-2-1	Board of Directors approves the strategic objectives.	—	—	
	5-2-1	The board of directors appoints and replaces the senior executive management and determines its compensation.	—	—	Compensation determined by the board of directors and human resources system of the company .
3	5-2-1	The board of directors ensure management succession planning in place.	√	—	To be implemented in the future.
4	5-2-2	The board of directors ensure compliance to the rules and regulations in connection to the article of association .	—	—	
5	5-3	The delegation to the committees of the board should be through clear and specified instructions and the board remains held responsible for the results.	—	—	

SLN	Item	Article (7) Separation of the Position of Chairman and General Manager.	applicable	Not applicable	Notes
	7-1 7-2	The chairman of the board of directors and the general manager or the chief executive officer cannot be the same person .	√	—	The chairman of the BOD is not the General Manager / CEO .

SLN	Item	Article (9) Formation of the Board of Directors	applicable	Not applicable	Notes
1	8-1	The Chairman of the board of directors is responsible for functionality of the board and for obtaining of the board of directors the required information at the right time.	—	—	The Chairman of the board of directors is practicing these duties which fall under the duties of the board's chairman.
2	8-2	The chairman of the board of directors cannot be a member of these any board committees.	—	—	The Chairman of the board of directors is not a member of any board committee.

SLN	Item	Article (9) Formation of the Board of Directors	applicable	Not applicable	Notes
1	9-1	The board of directors should consist of executive, non-executive and independent members.	√	—	
2	9-2	The independents members should be at least one third of the board of directors.	—	—	Most of the members of the board of directors have already spent more than 9 years as board members and they are not independent.

SLN	Item	Article (11) Board of Directors' Meetings	applicable	Not applicable	Notes
1	11-1	The board of directors meets at least 6 times a year.	√	—	The board of directors held 7 meetings in 2011.
2	11-2	The board of director meets as per an invitation from the chairman or	√	—	The meetings of the board of directors are

		2 members, and the invitation and the agenda should be presented at least one week before the date of the meeting.			held in accordance with the provisions of articles of the commercial companies' law and in accordance with the company AOA .
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SLN	Item	Article (12) The Board of Directors' Secretary	applicable	Not applicable	Notes
1	12-1	The board of directors appoints a secretary for the board to carry out the tasks entrusted to him which include the duties of registration, coordinating and keeping all the records of the meetings.	—	—	Available

SLN	Item	Article (13) Conflicts of Interest and the Use of Confidential Information	applicable	Not applicable	Notes
1	13-1	Adopting rules and regulations to control the company's in the normal course of business .	—	—	The policy will be published after the BOD approval.
2	13-2 13-3	The members of the board of directors should not participate in any of the meetings which have conflict-of-interest transactions.	√	—	

SLN	Item	Article (8) duties of the Chairman of the Board of Directors .	applicabl e	Not applicable	Notes
1	14-2	The members of different committees and auditors should attend the general assembly meeting.	—	—	All the members of the board of directors and the auditors attend the general assembly meetings.
2	14-4	An induction program should be available to all members of the	√	—	Not available in the meantime

		board of directors.			
3	14-6	The governance report should include a procedure for dispensing members in case of not attending the board meeting .	—	—	Article 35 of the AOA states that the members are to be considered resigned if they don't attend 3 consecutive meetings or 5 meetings without a proper excuse.

SLN	Item	Article (15) Appointment and Nominations Committee .	applicable	Not applicable	Notes
1	15-1 15-2 15-3 15-4 15-4	A formal procedure to nominate or appoint new members and publishing the committee responsibilities and the annual appraisal result .	√	—	Commercial companies' law is being implemented till the proper legislation is available in the future.

SLN	Item	Article (16) Remuneration Committee	applicable	Not applicable	Notes
1	16-1	Formation of Remuneration Committee.	√	—	The company is currently committed to the articles of the commercial companies' law . During 2012 the company will accomplish the terms of reference and present it to the general assembly's meeting for approval.
2	16-2	Publication of the terms of reference.			
3	16-3	Remuneration Policy is to be presented to the General Assembly for approval.			

SLN	Item	Article (17) Audit Committee	applicable	Not applicable	Notes

1	17-1	The audit committee consists of 3 members; most whom are independent and headed by an independent member .	√	—	
2	17-2	Any person who currently works for the auditors or used to in the last two years cannot be a member of the audit committee.	—	—	
3	17-4	The audit committee meets quarterly and issues the records for their meetings.	√	—	The committee held 2 meetings during the year and in the future they will be committed to the number of meetings required.
4	17-6	Publishing the committee's duties and responsibilities	—	—	Part of the report of the company's corporate governance .
5	17-6	Adopting a policy for external auditors	—	—	Commitment to the AOA and the commercial companies' law and the terms of reference of the auditing committee in the company .
6	17-6	The committee meets with the external auditors at least once a year .	√	—	It will be committed to in the future.

SLN	Item	Article (18) The Internal Auditor	applicable	Not applicable	Notes
1	18-1	The company has an internal control system that consists of policies and written procedures for the internal control.	√	—	To be implemented .
2	18-2	The company conduct risk	√	—	Size and nature of the company's current

		assessments.			operations don't entail appoint a separate internal department.
3	18-3	Appointing an internal auditor	—	—	Ernst and Young have been appointed as an internal auditors for 2012-2013.

SLN	Item	Article (19) External Auditor	applicable	Not applicable	Notes
1	19	The external auditor performs the annual and semi annual audit.	—	—	"Deloitte & Touché," are independent from the company and they attend the general assembly's meetings. The company is committed to replace the external auditor every 3 years.

SLN	Item	article (20) The Disclosure	applicable	Not applicable	Notes
1	20	Disclosure.	—	—	<ul style="list-style-type: none"> Financial reports are prepared in according with international accounting standards (IFRS-IAS). The financial data will be published on the website of Qatar Exchange and on the electronic website of the company.

SLN	Item	Article (21) Shareholders' Equity	applicable	Not applicable	Notes

1	21	Shareholders' equity is protected under by the AOA.	—	—	The AOA of the company protects the shareholders' right.
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SLN	Item	Article (22) ownership records	applicable	Not applicable	Notes
1	22-1	Keeping and updating the records of shares' ownership	—	—	It is done through Qatar Exchange.
2	22-2	The shareholders can reach their records easily during the formal working hours or through a procedure to obtain information.	—	—	Keeping and renewing the records of the shareholders through Qatar Exchange that guarantees keeping the secrecy of the shareholders' data do not compromise their interest.
3	22-3	With some fees the shareholders can get any of the documents which are mentioned in the item 22-3.	—	—	As per the employment system in Qatar Exchange.

SLN	Item	Article (23) owner ship Records.	applicabl e	Not applicable	Notes
1	23-1	The procedures to access the data in the AOA and regulation.	--	—	
2	23-2	The company should have a website to publish all the disclosures.	--	—	The company has a website and all the required disclosures are published onit.

SLN	Item	Article (24) shareholders rights with regards to shareholder meetings.	applicable	Not applicable	Notes
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1	24	Shareholders' right to call the general assembly for a meeting and the inclusion of topics on the agenda and discussing issues on the agenda and to raise questions which are indicated in the AOA	—	—	Shareholders' rights to call the assembly for a meeting according to the commercial companies law and enlisted in the statute of the company
2	25-2	Voting is allowed through proxy.	—	—	Voting is allowed through proxy and the shareholders are to be informed about it.

SLN	Item	Article (25) Fair Treatment	applicable	Not applicable	Notes
1	25-1	Shareholders' rights of the same group are similar.	—	√	Only one class of the shares is available.
2	25-2	Voting is allowed through proxy.	—	—	Voting is allowed through proxy and the shareholders are to be informed about it.

SLN	Item	Article (26) Shareholders' rights in the board Elections .	applicable	Not applicable	Notes
1	26-1	The AOA and the regulations contain rules which guarantee to provide the shareholders information about the candidates.	√	—	No such rules are enlisted in the AOA of the company.
2	26-2	Voting for the members of board of the council through the accumulated voting	√	—	The mechanism of voting is conducted as per the commercial companies' law and not according to the accumulated voting.

SLN	Item	Article (27) The Distribution	applicable	Not	Notes
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		of Dividends		applicable	
1	27	The board of directors will present to the general assembly an elaborated policy about dividends distribution.	—	—	Clause 66 from the AOA of the company explains the distribution of the required net profit including the shareholders' profit and the general assembly approve it.

SLN	Item	Article (28) Capital Structure and Shareholders' rights and the Main Operations	applicable	Not applicable	Notes
1	28-1	The company discloses the capital structure and the company should specify which of the shareholders' agreements should be disclosed.	—	—	
2	28-2	AOA or bylaws the minority of the shareholders at the time of agreement on major operations .	√	—	Rules of protecting the minority of the shareholders are not available in the AOA of the company.
3	28-3	The AOA and/or by laws provide triggers or tag along rights in case of a change in ownership at a certain limit .	√	—	Not specifically disclosed in the AOA.

SLN	Item	Article (29) The Rights of Stakeholders	applicable	Not applicable	Notes
1	29-2	The employees are treated according to the principles of fairness and equality.	√	—	The company works on protecting the equality rights of the employees.
2	29-3	Employee's rewards policy and benefits packages which are prepared by the board of	√		Currently it is in line with HR Policies.

2	29-3	Employee's rewards policy and benefits packages which are prepared by the board of directors should consider the long service.	√	—	Currently it is in line with HR Policies.
3	29-4	The board of directors is to adopt a mechanism to inform about unethical behavior and protect the informers.	—	—	Currently unavailable

SLN	Item	Article (30) Reports	applicable	Not applicable	Notes
1	30	The governance report covers the items in clause 30.	√	—	Complied within this report.



SH. Nawaf Nasser Bin Khalid Al Thani
Chairman of the Board of Directors



Bassam Hussein
Chief Executive Officer

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