

Company Governance Report

Year 2013

Introduction

The Board of Directors of DIC is pleased to submit the 2013 Corporate Governance Report pursuant to Article (30) of the Governance Regulation of listed companies which are under the supervision of Qatar Financial Markets Authority. This proves the extent of the Company's compliance with the provisions of governance which guarantees impartiality, transparency and honesty in the management of the business. It also secures shareholders' interests, reinforces their confidence and boosts their loyalty to the Company.

In light of the provisions of governance, the Company has amended designations and rules in practice in order to conform with the provisions and designations included in the governance system. This is done within the limits of legislations in force regarding commercial companies, in particular, Law No. 5 of 2002 regarding commercial companies and the amendments thereto.

Section 1 : Framework of Governance

In this section of the report, we wish to show the extent of compliance by the Company with the system of governance, and make reference to the steps taken by the Company as follows:-

1. Corporate Governance Charter:

The Company has completed the Corporate Governance Charter. It includes principles, rules and practical applications of corporate governance system issued by Qatar Financial Markets Authority (QFMA) to guide the Company towards the ideal application of that system, and a framework for its performance in the course of implementing its policies and future vision. The charter stated that all additions and amendments introduced or decreed by related laws or regulations, shall be considered complementary or amending items to the system, as the case may be, to keep it in line with the latest developments and supervisory requirements.

2. Board of Directors' Charter:

A charter for the Board of Directors has been adopted. The charter was prepared in accordance with the pattern attached to the Corporate Governance System, the criteria included in the provisions of Commercial Companies Law No. 5 of 2002, and amendments thereto, as well as the Company's Articles of Incorporation and the amended articles of association regarding the Board of Directors, conditions of membership therein as well as authorities, responsibilities, obligations and rights of members.

3. Board of Directors:

Board of directors is elected by shareholders general assembly in accordance with terms and conditions stated in the Commercial Companies Law and the provisions of the Company's

Articles of Association. To be a candidate for Board membership one should be the holder of 50,000 Company shares. The present Board was elected in early 2012 for a term of three years. Until now, no changes to its formation. Following is a list of names of members:-

No.	Name and Position of the Member	Representing	% of shares held	Number of shares held
1	Sheikh Nawaf Nasser Bin Khalid Al-Thani (Chairman of the Board)	Himself	0.79	183,898
2	Sheikh Khalifa Bin Jassem Bin Mohammed Al-Thani (Deputy Chairman)	Arab Company for Engineering Constructions	0.39	91,949
3	Mr. Adel Ali Bin Ali Al-Maslamani (Managing Director)	Himself	0.39	91,949
4	Sheikh Jabor Bin Hamad Bin Jassem Al-Thani (Board Member)	Himself	0.39	91,949
5	Sheikh Ali Bin Nasser Bin Abdullah Al-Ahmad Al- Thani (Board Member)	Nasser Bin Abdullah & Sons Co.	0.39	91,949
6	Staff General/Dahlan Jamaan Bashir Al-Hamad (Board Member)	Armed Forces Investment Portfolio	2.36	551,694
7	Mr. Victor Nazim Reda Agha (Board Member)	Borouq Trading Co.	2.70	631,763
8	Mr. Husam Abdul Salam Abu Issa (Board Member)	Himself	0.48	111,295
9	Mr. Saud Omar Hamad Al-Mana (Board Member)	Al-Mana Group	0.28	65,000
10	Mr. Hitmi Bin Ali Al-Hitmi (Board Member)	Ali Bin Khalifa Al-Hitmi & Co.	0.39	91,949
11	Mr. Hasan Jassem Darwish Fakhro (Board Member)	Himself	0.63	147,118

Board Members Committees:-

The Board of Directors is assisted by a number of committees who are authorized by the Board to perform specific tasks. These committees operate under the supervision of the Board. Until now, Nomination Committee, provided for in the Governance System, has not been formed.

The work required by this committee is still confronted with legislations in force regarding the nomination for the Board of Directors' membership.

At present, the following committees emanate from the Board of Directors:-

1- Investment Committee:-

It is responsible for identifying available investment opportunities offered to the Company whether by Board members or others, and to take decisions regarding these opportunities. The committee has also the task of securing the best return on the Company deposits as well as Company's portfolio of investment. In general, this committee is responsible for steering the investment policy of the Company according to delegation granted to it by the Board of Directors.

2- Real Estate Committee :-

Its main task is to examine investment opportunities in the field of real estate and to take suitable decisions regarding buying or selling of the Company property, also to invite bids for building of new properties.

3- Audit Committee :-

It is responsible for reviewing financial statements and appointing both internal and external auditors and issues the necessary recommendations to the Board. It provides internal supervision and supervises compliance with laws and regulations. This committee is also responsible for endorsing labour regulations, guidelines and policies that ensure the execution of business plans in the company.

4- Remuneration Committee :-

It lays down the policy of remunerations for Board members and for the Executive Management in the Company. In deciding remunerations, the committee complies with the provisions of Article (118) of the Commercial Companies Law, i.e. within 10% of the net profit after deducting depreciations, reserves and the distribution of an assumed first dividend of 5% of the capital to shareholders. The remunerations committee also decides the annual remuneration of the CEO, the Executive Management and the work force of the Company, in light of the Company results during the financial year. The ordinary general meeting of shareholders adopted the remunerations policy on 13/3/2013.

The Company management submits reports to the Board regarding internal control and risk management. These reports include the Company's financial position and the results of insurance transactions. Financial statements of the Company shall be published in daily newspapers and on the Company's website. Ernest and Young have been appointed as internal auditors for 2013.

Since there is no special department for risk management, the Company management reviews risks regularly and takes the necessary procedures whether directly through the relevant technical departments in coordination with the CEO, or through Board of Directors committees, whether in relation with insurance risks or investment and other risks.

4. Compliance:

DIC adheres to regulations in force in Qatar Stock Exchange and Qatar Financial Markets Authority. Currently the Company applies Governance System to the extent allowed by legislations and the relevant bylaws in force.

The Company also endeavors to apply the highest standards of Governance Systems, which guarantees more confidence in its performance and insures securing the interests of shareholders.

Section Two: Scope of Application of Governance System

S/n	Item	Article (1) Definitions	Applicable	Not applicable	Notes
1	1	Definitions adopted	✓	-	Company adopted these definitions

S/n	Item	Article (2) Compliance or clarification	Applicable	Not applicable	Notes
1	2-1 2-2	Company abides by standards of Governance and provides clarifications for non compliance	✓	-	This report is prepared according to these requirements

S/n	Item	Article (3) Company abidance by Governance principles	Applicable	Not applicable	Notes
1	3-1	Board of Directors guarantees Company compliance with Governance principles	✓	-	Charter of company governance adopted
	3-2	BoD is committed to prepare principles of professional conduct , also to review and develop them	✓	-	Principles of professional conduct adopted.

S/n	Item	Article (4) BOD Charter	Applicable	Not applicable	Notes
1	4-1	BoD Charter adopted	✓	-	BoD Charter adopted by the Board
2	4-2	BoD Charter Should be published	✓	-	Published on website.

S/n	Item	Article (5) BOD Function and responsibilities	Applicable	Not applicable	Notes
1	5-2-1	BoD approves strategic targets	✓	-	
2	5-2-1	BoD appoints and dismisses senior executive management, and determines their allocations	✓		Allocations determined in BoD and HR system in the Company
3	5-2-1	BoD guarantees the existence of plans for rotation and succession of management	-	✓	This will be adopted in the future
4	5-2-2	BoD guarantees compliance with rules and regulations related to Articles of Association of the Company	✓	-	
5	5-3	Delegation to BoD committees will be through clear and definite instructions; BoD will be responsible for the results.	✓	-	

S/n	Item	Article (6) Board members security duties	Applicable	Not applicable	Notes
1	6-1 6-2 6-3	Board members shall abide by the duties of care, loyalty and adhering to institutional authority as defined in the relevant laws and regulations and in the BoD Charter. They all shall operate on the basis of correct information in good faith and with the care, keenness and efficiency necessary for achieving interest of the Company and its shareholders.	✓ ✓ ✓	-	

S/n	Item	Article (7) separation of the jobs of the Chairman and of the general manager	Applicable	Not applicable	Notes
1	7-1 7-2	No one person can be chairman of the Board and the general manager or CEO at the same time	✓	-	Chairman of the Board is not the CEO

S/n	Item	Article (8) Duties of the Chairman of BoD	Applicable	Not applicable	Notes
1	8-1	<ul style="list-style-type: none"> - Chairman of the Board is responsible for the work of the Board and for the timely availability of information to the members. - Chairman is the link between the BoD and the Executive Management. He approves the agenda of Board meetings. He takes into consideration any matter proposed by any member and debate it under "any other business". - Chairman may delegate any of his duties to any board members, although the chairman remains responsible for that duty. - Chairman encourages Board members to participate effectively in the affairs of the Board, and guarantees actual communication among Board members. He also carries out annual evaluation of the Board performance. 	✓		Chairman carries out these jobs which are listed in the Chairman's job description.
2	8-2	Chairman will not be a member in any committee	✓	-	Chairman is not a member in any of the Board committees.

S/n	Item	Article (9) Forming the BoD	Applicable	Not applicable	Notes
1	9-1	BoD should be made up of executive, non executive and independent members.	-	✓	Most members have been members for more than 9 years and they are not independent
2	9-2	At least one third of Board members should be independent.	-	✓	Most members have been members for more than 9 years, and they are not independent

S/n	Item	Article (10) Non executive Board Members	Applicable	Not applicable	Notes
1	10-1	Duties of non executive members include :			
	10-1-1	Participating in Board meetings, giving an independent opinion on strategic matters, performance, accountability, resources, basic appointments and work standards.	✓		
	10-1-2	Giving priority to the interests of the Company and shareholders in case of conflict of interests.	✓		
	10-1-3	Participate in the Audit Committee	✓		
	10-1-4	Supervise Company's performance in achieving its agreed goals and targets, review performance reports including annual, semi annual and quarterly reports.	✓		
	10-1-5	Supervise developing procedural rules regarding the Company Governance in order to supervise their implementation in a way that agrees with these rules	✓		

10-1-6	Make their various skills, experiences, specialties and qualifications available to the BoD or its various committees, through the regular attendance of Board meetings and active participation in general assemblies and their unbiased understanding of shareholders views	✓		
10-2	A majority of non executive board members may ask for opinion of an independent consultant at company expense, in relation of a matter of the Company.	✓		

S/n	Item	Article (11) BoD Meetings	Applicable	Not applicable	Notes
1	11-1	BoD should meet (6) times a year at least	✓	-	BoD held (6) meetings in 2013
2	11-2	BoD meets at the invitation of the Chairman or two of its members. Invitations and agenda should be sent at least one week before the meeting	✓	-	Board meetings are held according to provisions of Commercial Companies Law, and the Articles of Association of the Company.

S/n	Item	Article (12) Secretary of the Board	Applicable	Not applicable	Notes
1	12-1	Mr. Samer Qawas, legal advisor of the Company is the secretary of the BoD. He holds a BA degree in Law in 1975 from Ein Shams University in Egypt. Since graduation, he worked in the field of insurance in Kuwait and UAE. He has been the legal advisor to DIC since 2001.	✓	-	Available.

S/n	Item	Article (13) Conflict of Interests, Use of confidential information	Applicable	Not applicable	Notes
1	13-1	General rules and procedures to govern entering into a commercial deal , should be adopted	✓	-	Governance policy stated in the governance guideline has been adopted in this regard.
2	13-2 13-3	Board members should not participate in meetings where there is conflict of interests	✓	-	

S/n	Item	Article (14) Functions and Duties of the Board	Applicable	Not applicable	Notes
1	14-1	Board members should be able to access to information, documents and records, and the Board and its committees should be provided with all the required information and documents.	✓	-	
2	14-2	Members of various committees and auditors shall attend general assembly meetings.	✓	-	All Board members and auditors attend general assembly meetings
3	14-3	BoD should initiate a training program for newly appointed members	-	✓	This will be observed in the future.
4	14-4	There should be an introductory program for new Board members.	-	✓	There is no such program at present.
5	14-5	The Board should keep its members always aware of developments in the field of governance and the best practices in that regard.	✓	-	
6	14-6	Governance report should include procedures for dismissing members for not attending meetings.	✓	-	Article (35) of the Articles of Association stipulates that a member shall be considered resigned if he did not attend 3 successive meetings or 5 meetings without an acceptable excuse.

S/n	Item	Article (15) Nominations and appointments committee	Applicable	Not applicable	Notes
1	15-1 15-2 15-3 15-4	There should be formal procedures for the nomination/appointment of Board members, and publishing the responsibilities of the committee and the procedure of personal appraisal.	-	✓	Commercial Companies Law is applied in this regard, until suitable legislations become available in the future.

S/n	Item	Article (16) Remuneration Committee	Applicable	Not applicable	Notes
1	16-1	Formation of remunerations committee.	✓	-	At present the Company abides by Commercial Companies Law. In 2012, the committee was formed and its work mechanism was published. General assembly approved remunerations policy on 13/3/2013.
2	16-2	Publishing the committee's responsibilities and duties.			
3	16-3	Submitting the policy of remuneration to the general assembly for approval			

S/n	Item	Article (17) Audit Committee	Applicable	Not applicable	Notes
1	17-1	Audit Committee is made up of (3) members most of them independent, the committee shall be independent.	-	✓	Committee chairman is independent with less than (9) years.
2	17-2	No person who currently works for auditors or has worked during the last two years can be a member of the audit committee.	✓	-	
3	17-4	Audit committee shall meet every (3) months at least and issue minutes for its meetings.	✓	-	Audit committee shall meet at least four times during any one year.
4	17-6	Publishing the responsibilities and duties of the committee	✓	-	Part of corporate governance report

5	17-6	Adoption of a policy for external auditors	✓	-	In this regard, the Company abides by the Articles of Association and Commercial Companies Law as well as the mechanism of the audit committee.
6	17-6	The committee meets with external auditors once a year at least.	✓	-	

S/n	Item	Article (18) Internal Auditor	Applicable	Not applicable	Notes
1	18-1	Company shall have internal audit system made up of written policies and procedures for internal audit.	✓	-	Partially available and completion thereof is in process.
2	18-2	Company carries out risk valuation	✓	-	Size and nature of current company operations do not require the presence /appointment of an independent risk management.
3	18-3	Appointing an internal auditor	✓	-	Ernest and Young have been appointed internal auditor for the year 2012-2013.

S/n	Item	Article (19) External Auditor	Applicable	Not applicable	Notes
1	19	External auditors carry out semiannual and annual audit work.	✓	-	Deloitte & Touche who are independent from the Company, they attend general assembly meetings. As a rule, External Auditors are replaced every three years.

S/n	Item	Article (20) BoD Members Qualifications	Applicable	Not applicable	Notes
1	20	<p>1- Sheikh/Nawaf Bin Nasser Bin Khaled Al-Thani Chairman of the Board.</p> <ul style="list-style-type: none"> - Well known businessman who owns several companies and commercial agencies. - Chairman of Nasser Bin Khaled & Sons Holding company - Board member of Al-Salam International Company <p>-----</p> <p>2- Sheikh/Khalifah Bin Jassem Bin Mohammad Al-Thani Deputy Chairman</p> <ul style="list-style-type: none"> - Owner and partner of Arab Engineering Constructions Company - Chairman of the Chamber of Commerce & Industry in Qatar. <p>-----</p> <p>3- Mr. Adel Ali Bin Ali Al-Maslamani Managing Director</p> <ul style="list-style-type: none"> - Well known businessman and a partner in Ali Bin Ali & Sons Company. - Board member of Qatar Navigation Co., of Haloul Marine Services co., and of Qatar Electricity & Water Co. <p>-----</p> <p>4- Staff General/Dahlan Jamaan Bashir Al-Hamad Board Member</p> <ul style="list-style-type: none"> - Chairman of Military Sports Union - Member of International Union of Track & Field Games <p>-----</p> <p>5- Sheikh /Jabor Bin Hamad Bin Jassem Al-Thani Board Member</p> <ul style="list-style-type: none"> - Businessman, owner of several companies which cover various aspects of Qatari economy. <p>-----</p> <p>6- Sheikh /Ali Bin Nasser Bin Abdullah Al-Ahmad Al-Thani Board Member</p> <ul style="list-style-type: none"> - Well known businessman, owner, partner & managing director of Nasser Bin Abdullah & Sons Company, owner of several commercial agencies. <p>-----</p> <p>7- Mr. Victor Nazeem Reda Agha Board Member</p> <ul style="list-style-type: none"> - Well known businessman, owner of Al-Sadd Travel Co., and Al-Sadd Exchange Co., also a partner in other companies. - Board member of Al-Ahli Bank of Qatar. - Chairman of the Board of La Cigale Hotel 			

		<p>8- Mr. Husam Abdul-Salam Abu Issa Board Member</p> <ul style="list-style-type: none"> - Well known businessman - Deputy Chairman of Al-Salam Bunyan Development Co. - Member of the Consultative Council of Administration & Economics College, University of Qatar. <p>-----</p> <p>9- Mr. Saud Omar Hamad Al-Mana Board Member</p> <ul style="list-style-type: none"> - Well known businessman - Owner and partner of Al-Mana Group. <p>-----</p> <p>10- Mr. Hitmi Bin Ali Al-Hitmi Board Member</p> <ul style="list-style-type: none"> - Well known businessman - Partner and owner of Hitmi Bin Ali Al-Hitmi co. - Former chairman of Barwa Real Estate Co. <p>-----</p> <p>11- Mr. Hasan Jassem Darwish Fakhro Board Member</p> <ul style="list-style-type: none"> - Well known businessman - Partner and owner and chairman in Qasem Darwish Fakhro Group of Companies.
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S/n	Item	Article (21) Shareholders equity	Applicable	Not applicable	Notes
1	21	Shareholders equity is protected pursuant to the Articles of Association	✓	-	Company's Articles of Association guarantees shareholders and their equity.

S/n	Item	Article (22) Records of Ownership	Applicable	Not applicable	Notes
1	22-1	Records of ownership are kept and updated	✓	-	QE keeps and updates records of shares ownership

2	22-2	Shareholders record should be freely accessible by shareholders during official office hours or according to access of information procedure.	✓	-	QE keep shareholders record as part of maintaining the secrecy of shareholders data without prejudicing their interests.
3	22-3	Shareholders can have access to any of the documents mentioned in Article 22-3 for a fee.	✓	-	According to QE system.

S/n	Item	Article (23) Shareholders Equity in Relation to Shareholders meetings	Applicable	Not applicable	Notes
1	23-1	Procedures of access to data stated in the Articles of Association and Bylaws	✓	-	
2	23-2	Company should have a website for publishing all disclosures.	✓	-	Company has a website and all disclosures are published

S/n	Item	Article (24) Shareholders Equity in Relation to Shareholders meetings	Applicable	Not applicable	Notes
1	24	Shareholders right to call for a general assembly meeting, list subjects on the agenda, discuss subjects on the agenda and ask questions included in the Articles of Association and bylaws.	✓	-	Shareholders right to call for a general assembly meeting pursuant to Commercial Companies Law and provided for in the Articles of Association of the Company.

S/n	Item	Article (25) Fair Deal.	Applicable	Not applicable	Notes
1	25-1	Shareholders rights of the same category are identical	-	-	There is only one category of shares.
2	25-2	Voting by proxy is allowed	✓	-	Voting by proxy is allowed and shareholders are informed of that.

S/n	Item	Article (26) Shareholders Rights in the Election of Board Members.	Applicable	Not applicable	Notes
1	26-1	Articles of Association and bylaws include regulations that guarantee providing shareholders with data relating to candidates for Board Members.	-	✓	There are no rules in the Articles of Association of the Company in this respect.
2	26-2	Voting for Board members through cumulative voting	-	✓	Voting mechanism is done according to the Commercial Companies law and not on the basis of cumulative voting.

S/n	Item	Article (27) Distribution of Dividends.	Applicable	Not applicable	Notes
1	27	The Board of Directors shall submit a clear policy on dividend distribution to the general assembly.	✓	-	Article (66) of the Articles of Association explains the net distribution of profits including shareholder dividends after obtaining general assembly's approval.

S/n	Item	Article (28) Capital Structure , Shareholders Equity and Major Transactions	Applicable	Not applicable	Notes
1	28-1	Capital structure shall be disclosed. The company should determine which of the shareholders agreements should be disclosed.	✓	-	
2	28-2	Articles of Association or bylaws protect minority shareholders in case of approving major transactions when minority shareholders are against such transactions.	-	✓	Rules of protecting minority shareholders are not mentioned in the Articles of Association of the Company

3	28-3	Articles of Association and/or regulations stipulate warning/informing in addition to rights in case of change ownership which exceeds certain limits.	-	✓	Rules of warning/informing in addition to the rights are not stated in the Articles of Association, they shall be abided by in the future in case there are binding legislations and subsequently amendment of the Company Articles of Association.
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1. Structure of the Company capital is made up of issued and paid capital in addition to reserves and retained earnings.

2. Share Capital:

	<u>Authorized Capital</u>	<u>Issued and Fully Paid Up</u>	
		<u>2013</u>	<u>2012</u>
Capital @ QR 10 per share	<u>257,400,000</u>	<u>257,400,000</u>	<u>234,000,000</u>
Number of shares @ QR 10 per share	<u>25,740,000</u>	<u>25,740,000</u>	<u>23,400,000</u>

On 20 March 2013, General Assembly of the Company approved the distribution of bonus shares for the year 2012 (2,340,000 shares of QR 10 each) totaling to QR 23,400,000 and representing 10% of the issued share capital of QR 234 million and also to increase authorized capital accordingly.


S/n	Item	Article (29) Rights of Persons Concerned	Applicable	Not applicable	Notes
1	29-1	Employees shall be treated according to the principles of fairness and equality.	✓	-	Company work to protect the equal rights of employees.
2	29-2	Policy of staff remunerations and packages prepared by the BoD should take into consideration the long services.	✓	-	At present we go by what is included in the HR policies.

3	29-3	The Board shall adopt a mechanism for informing about unethical behavior (revealing of violations /infringements) while protecting informants.	✓	-	
4	29-4	The Board should adopt a mechanism that allows Company employees to inform the Board of illegal or suspicious or damaging behaviour.	✓	-	The Company abides by the provisions of Article (29) Item (4). Work rules and ethics stipulate that employees should inform of any infringement or violation or any illegal behaviour that harms the interests of the Company. Audit Committee should be notified if the violation has to do with accounts or with auditing matters. Other violations should be notified to the immediate manager or to the CEO. The Company shall provide the employee with the necessary protection against any negative reaction in case he informs of any violation.

S/n	Item	Article (30) Reports	Applicable	Not applicable	Notes
1	30	Governance Report covers items mentioned in Article (30)	✓	-	This has been complied with in the report.


Bassam Hussein
CEO
 12.1.2014




Nawaf Nasser Bin Khalid Al-Thani
Chairman of the Board