# Gulf International Services

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Gulf International Services QSC

**QFMA CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011 (REVISED)**

**September 2012**

**Introduction:**

Gulf International Services (GIS) is a publicly listed company in Qatar Exchange. The company is governed by Article 68 of the Commercial Companies Law number 5 of the year 2002 which allows the companies established under this article to not be subject to the company law regulations to the extent that it does not contradict its Articles of Association.

GIS's objective is to comply with QFMA corporate governance code and to adopt best industry practices. To this extent, GIS has engaged one of the leading consulting firms to develop and document independent governance framework of the Company.

**Board of Directors**

The GIS Board is the primary governing body for GIS. Its roles and responsibilities include supporting the management structure, setting and maintaining strategic direction, ensuring efficiency and effectiveness, enhancing public standing, maintaining integrity and accountability of the organization, being accountable and responsive to stakeholders and shareholders, regularly attend Board meetings and important related meetings, assisting in maintaining the mission and vision of GIS, discussing/ approving financial statements, appointing internal auditors and discussing internal audit reports, and recommending the appointment of external auditors and introducing ideas that would enhance the performance of the Company's operations including its subsidiaries.

**Board of Directors Composition**

The GIS Board is currently composed of 7 members as follows:

| Name | Non-independent executive | Appointment | Number of shares in GIS | Qualifications | Member in other companies board |
|---|---|---|---|---|---|
| Dr. Mohammed Bin Saleh Al Sada | Chairman | 2011 | 3574 | BSc – Marine Science & Geology, Phd | Minister of Energy & Industry ,Chairman & Managing Director, QP Board |
| Saeed Mubarak Al Muhannadi | Vice Chairman | 2008 | 2310 | BSc – Electrical Engineering<br>MSC – Mechanical Engineering & Management | • Gulf Helicopters<br>• RasGas<br>• QatarGas<br>• Al-Shaheen GE Oil&Gas<br>• Barzan |
| Abdulaziz Ahmad Al Malki | Member | 2008 | | | |
| Ahmed Saif Al Sulaiti | Member | 2008 | 911 | HND in Plant Engineering | Al-Shaheen Holding<br>Gulf Helicopters<br>Qatar real Estate |
| Ahmed Rafee Al Emadi | Member | 2008 | - | BSc – Business Administration (Finance) | Al Koot Insurance & Reinsurance Company |
| Ibrahim Jassim Al-Othman | Member | 2009 | 1413 | BSc. in Petroleum Engineering<br>- MBA in Business Administration | None |
| Mohamed Ibrahim Al Mohannadi | Member | 2008 | 1285 | BSc – Aviation Management | Gulf Helicopters Company |

**Major Shareholders**

Details of major shareholdings as at 31st December 2011 in GIS capital as per Shareholders' records which could be obtained from Qatar Exchange are as follows:

| Shareholder | Percentage of Shares (%) |
|---|---|
| Qatar Petroleum | 30.00 |
| General Authority for Retirement and Pensions | 1.40 |
| Qatar Foundation for Education and Community Development | 1.40 |
| Education and Health Fund | 1.40 |
| Qatar National Bank | 1.00 |
| Other Shareholders | 64.8 |
| **Total** | **100** |

GIS will continue to rely on the Qatar Exchange to obtain valid up-to-date record of shareholdings. As per the information obtained from Qatar Exchange dated 31 December 2011, no shareholder has exceeded the limit.

**Audit Committee**

The Audit Committee (AC) was formally established in 2010. The AC presently comprise of 3 members. The members of the AC are:

| Name of AC Members | Role |
|---|---|
| Said Mubarak AL Muhanadi | Chairman |
| Ahmed Seif Al Sulaiti | Member |
| Mohamed Ibrahim Al Muhanadi | Member |

Considering Article 2 of the QFMA corporate governance code which is based on the principle of "comply, or explain the reasons for non-compliance", the Company has developed the following corporate governance report for the year 2011:

**QFMA COMPLIANCE**

| Sl. No. | Bullet No. | Article 1 – Definitions | Comment/Management's Response |
|---|---|---|---|
| 1 | NA | Definitions as per the QFMA code | The Company has engaged a consultant to develop its Corporate Governance Framework. The definitions as per the QFMA code will be considered in the company's corporate governance framework which will be approved by the board . |

| Sl. No. | Bullet No. | Article 2 – Comply or Clarify | Comment/Management's Response |
|---|---|---|---|
| 1 | 2.1 | Corporate Governance Report is prepared in compliance with QFMA Corporate Governance Code and provides explanations for items not complied with and the reasons and the rationale for non compliance. | This report is prepared to comply with QFMA Corporate Governance Code or explain for non-compliance. |

| Sl. No. | Bullet No. | Article 3 – The Company's Obligation to Comply | Comment/Management's Response |
|---|---|---|---|
| 1 | 3.1 | The Board shall ensure that the company complies with the principles set out in the QFMA corporate governance code. The board shall also review and update its corporate governance practices. | The company has ensured the application of sound corporate governance principles and best management practices through the board of directors in order to achieve the highest level of governance.<br>The annual corporate governance report is approved by the board of directors prior to issuance.<br>The draft corporate governance framework will be approved by the board. |
| 2 | 3.2 | The Board shall regularly review and update the professional conduct rules for the Board, staff and advisors. | The draft code of conduct for rules on professional conduct of the company is part of the draft corporate governance framework. The company will abide by the established code of conduct upon approval by the Board . |

| Sl. No. | Bullet No. | Article 4 – Board Charter | Comment/Management's Response |
|---|---|---|---|
| 1 | NA | The Board shall make sure that the Company adopts a Board Charter. | A draft Board Charter is proposed by the consultant engaged by the company. This is under review and will be approved by the board. Upon approval of the board charter, the same will be published on the company's website. |
| 2 | NA | The Board Charter shall include provisions included in Annex 2 of the QFMA Code. | |
| 3 | NA | The Board Charter shall be published and made available to the public. | |

| Sl. No. | Bullet No. | Article 5 – Board Mission and Responsibilities | Comment/Management's Response |
|---|---|---|---|
| 1 | 5.1 | The Company shall be managed by an effective Board of Directors which shall be individually and collectively responsible for the proper management of the Company. | The responsibilities of the board of directors have been set in the articles of association of the company. As indicated in 4 above, a draft Board Charter is proposed by the consultant engaged by the company. This is under review and will be approved by the board. |
| 2 | 5.2.1 | Board approves Company's strategic objectives. | The board approves the company's strategic objectives through the 5 year business plan submitted to the board annually. |
| 3 | 5.2.1 | Board appoints and replaces management and sets forth their compensation. | GIS is a holding company and has no management as such. The draft Corporate Governance Framework developed by the consultant includes appointment and replacement of Managing Director and Chief Coordinator, review of their performance and succession planning. |
| 4 | 5.2.1 | Board reviews management's performance. | |
| 5 | 5.2.1 | Board ensures management succession planning is in place. | |
| 6 | 5.2.2 | Board reviews compliance to rules and regulations including articles of association. | As indicated in 4 above, a draft Board Charter is proposed by the consultant engaged by the company. The board charter includes the duties of the board. |
| 7 | 5.3 | Delegations to special committees are done through clear written instructions. | The consultant has developed a draft terms of reference of the board audit committee (BAC) which will be approved by the board . This will include the process of delegation to the committees. BAC is the only committee currently in place. |

| Sl. No. | Bullet No. | Article 6 – Board Members' Fiduciary Duties | Comment/Management's Response |
|---|---|---|---|
| 1 | 6.1 to 6.3 | Board Members comply with the QFMA Code and Company Board Charter including rules set out in related laws and regulations. Members should act with diligence, care and loyalty and shall act effectively to fulfill their responsibilities towards the company. | As indicated in our comment on Article 4, a draft board charter has been developed which will include all the duties of the board. |

| Sl. No. | Bullet No. | Article 7 – Separation of Chairman and CEO | Comment/Management's Response |
|---|---|---|---|
| 1 | 7.1 & 7.2 | Same person may not hold or exercise the position of Chairman and CEO at the same time.<br>No unfettered powers to take decisions by one person. | Qatar Petroleum (QP) is the holder of the Special Share and has appointed H.E the Ministry of Energy and Industry as Chairman and MD of GIS. The company has a Chief Coordinator appointed by the Board who has the role of executive management. Where necessary, day to day matters are referred to the Managing Director. All decisions are taken by the Board through the Chairman who is also the Managing Director. |

| Sl. No. | Bullet No. | Article 8 – Duties of the Chairman | Comment/Management's Response |
|---|---|---|---|
| 1 | 8.1 | Chairman ensures Board members receive timely complete and accurate information | Chairman ensures that Board members receive timely complete and accurate information |
| 2 | 8.2 | Chairman is not a member of Board Committees | The Board Audit Committee is the only committee established by the company in which the Chairman of the Board is not a member. |
| 3 | 8.3 | Duties of the Chairman of the board include the duties and responsibilities detailed in article 8.3. | The duties of the Chairman are contained in the draft Corporate Governance framework which is developed by the consultant. |

| Sl. No. | Bullet No. | Article 9 –Board Composition | Comment/Management's Response |
|---|---|---|---|
| 1 | 9.1 | Board shall include executive, non-executive and independent board members. | Article 22.1 of the Articles of Association states that after the 3rd anniversary of the date of the Article of Association, the board shall consist of no less than 5 and no more than 10 directors, 7 of who shall be appointed by the Special Shareholder without the need for approval at a general assembly. However, the article specifies that the special shareholder shall take reasonable steps to ensure that 3 directors shall be appointed as independent directors and nominate these directors and the board shall propose the same to the General assembly for their approval for a 3 year term. Despite reasonable steps being taken by the management and the Special Shareholder, was not able to satisfy the requirements set out in 22.1 and has resolved to consider this matter again when the term of the current board expires. |
| 2 | 9.2 | At least one third of the Board members are independent and majority shall be non-executives. | |
| 3 | 9.3 | The Board members shall have adequate expertise and knowledge and shall give sufficient time and attention. | The draft board charter includes requirements of a board member. |

| Sl. No. | Bullet No. | Article 10 –Non- Executive Board Members | Comment/Management's Response |
|---|---|---|---|
| 1 | 10.1 | The duties of Non-Executive board members should include the duties detailed in article10.1 of the QFMA Corporate Governance Code. | The draft board charter includes duties of non-executive board members. |
| 2 | 10.2 | Independent consultancy can be requested by a majority approval of Non-Executive Board Members. | This requirement is included in the draft terms of reference of the board in the Corporate Governance Framework. |

| Sl. No. | Bullet No. | **Article 11 –Board Meetings** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 11.1 | Board meets at least 6 times per year. | As per Article 30.1 of the Articles of association, the board shall meet at least 4 times a year. This, pursuant to Article 68 of the Commercial Companies Code, supersedes the requirement for the board to meet 6 times a year.<br>The Board Audit Committee (BAC) flags all issues to the Board.<br>As per the current practice followed by GIS, the GIS Group companies submit their Business Plan to GIS. GIS gives guidance to the Group companies on their Business plan. The primary responsibility therefore rests with the GIS Group companies. In future, when GIS takes the primary responsibility, the GIS Board will meet more frequently.<br>The Board of Directors of the company is appointed by Qatar Petroleum. QP closely monitors GIS group companies' performance on a regular basis. QP practices are followed by GIS Board members.<br>Due to all of the above, the GIS BOD met once and passed two resolutions by circulation during the year. |
| 2 | 11.2 | Board meeting is called by the Chairman or two of the board members. Invitation and Board Agenda is submitted at least one week before the meeting. | All the meetings of the Company's Board are held under notice from the Chairman or in his absence from the Vice-Chairman or any two Directors duly authorized by the Chairman, with the invitation sent to every member of the Board not less than 7 days prior to the proposed date of such meeting. |

| Sl. No. | Bullet No. | **Article 12 –Board Secretary** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 12.1 and 4 | The Board has appointed a secretary (through resolution) for Board administrative matters, timely access of information and coordination of Board members and coordination among the stakeholders and the Board including secretarial functions. | As per Article 43 of the articles of association, the special shareholder QP shall appoint the board secretary and the board shall decide on the duties of the board secretary and on the scope of his authority. The appointment is however endorsed by the board. |

| Sl. No. | Bullet No. | **Article 12 –Board Secretary** | **Comment/Management's Response** |
|---|---|---|---|
| 2 | 12.2 | Board members have access to Board Meeting Documentation through secretary. | The Board members have access to Board Meeting documentation through the Board Secretary. The notice including the agenda together with the materials required for the presentation is sent sufficiently in advance before the meeting. |
| 3 | 12.3 | Board Secretary provides services/advises to all Board Members. | The Board Secretary provides services/advises to all Board Members. |
| 4 | 12.4 | The Board Secretary may only be appointed or removed by a Board resolution. | As per Article 43 of the articles of association, the special shareholder QP shall appoint the Board Secretary. The appointment is however endorsed by the board. |
| 5 | 12.5 | Board Secretary is a professional accountant/ member of a chartered body of corporate secretaries/ a lawyer/ graduate from a recognized university.<br>Board Secretary has at least 3 years experience of handling affairs for a listed company. | The Board Secretary is a lawyer and a graduate from a recognized university. He has over 3 years of experience in handling affairs of a listed company. The details of the requirements of the board secretary are included in the draft corporate governance framework. |

| Sl. No | Bullet No. | **Article 13 –Conflict of Interests and Insider Trading** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 13.1 | The Company has Related Party Policy which is made public. | The board has appointed a consultant to develop a Corporate Governance Framework. Related party policy, the disclosure requirements thereon and insider trading policy are part of the Corporate Governance Framework. The board will approve the related party policy and insider trading policy. The board members do not participate in meeting where they have a conflict of interest or are related to the transaction. The Directors are governed by Article 38 of the Articles of Association regarding Directors duty to disclose interests. |
| 2 | 13.1 | Related party transactions are approved by a majority of shareholders without the related party participating in the voting. | |
| 3 | 13.2 | Board members do not participate in meeting where they have a conflict of interest or are related to the transaction. | |

| Sl. No | Bullet No. | **Article 13 –Conflict of Interests and Insider Trading** | **Comment/Management's Response** |
|---|---|---|---|
| 4 | 13.3 | In case where transactions with related parties exist, these must be disclosed in the annual report of the company, and specifically referred to in the General Assembly meeting following the commercial transactions. | |
| 5 | 13.4 | Board Member trading in company shares shall be disclosed. An Insider Trading Policy by Board Members and Employees will be adopted. | |

| Sl. No. | Bullet No. | **Article 14 –Other Board Practices and Duties** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 14.1 | The Board has access to all company documents. | The Board Members have full and immediate access to information, documents, and records pertaining to GIS. |
| 2 | 14.2 | Remuneration, Nomination and Audit Committee members, Internal Audit and representative of External Auditors attend the General Assembly meeting. | Representatives of the External Auditors attended the general assembly meeting held in 2011. The audit committee members attended the general assembly meeting held in 2011. The attendance of remuneration committee and nomination committee members including the internal auditor is being considered in the draft corporate governance framework which shall be approved by the board . |
| 3 | 14.3 | An induction program for newly appointed members is in place, members responsibilities clearly discussed upon joining. | The draft Corporate Governance Framework includes guidelines on BOD induction program and formal trainings. |
| 4 | 14.4 | Board will adopt a formal training to enhance Board Member's knowledge. | The draft Corporate Governance Framework includes guidelines on BOD induction program and formal trainings. |
| 5 | 14.5 | Board will be kept up to date on CG directly or through Audit/ Governance Committee. | The corporate governance framework will be approved by the board. Any amendment to the Corporate governance framework will require board approval. |

| Sl. No. | Bullet No. | **Article 14 –Other Board Practices and Duties** | **Comment/Management's Response** |
|---|---|---|---|
| 6 | 14.6 | The AoA of the Company will include procedures for removing members who fails to attend meetings. | The corporate governance framework shall procedures for removing members who fails to attend meetings. |

| Sl. No. | Bullet No. | **Article 15 –Appointments and Nomination Committee** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 15.1 | Formal, rigorous and transparent Board Appointment Procedures are in place. | The establishment of the company is in accordance with Article (68) of the Commercial Companies Law No. 5 of 2002 which allows the company to follow its constitutional documents. Article 22.1 of the Articles of Association states that after the 3rd anniversary of the date of the Article of Association, the board shall consist of no less than 5 and no more than 10 directors, 7 of who shall be appointed by the Special Shareholder without the need for approval at a general assembly. Following the initial appointment by QP, the same composition has subsequently been approved by the general assembly. |
| 2 | 15.2 | Company must have a Nomination Committee chaired by an Independent Board member and comprised of Independent Board Members. | The nomination process/assessment of Board members is included in the draft Board Terms of Reference which will be approved by the board. |
| 3 | 15.3 | Nomination Process/ Assessment of Board Members in accordance with Annex 1 of QFMA. | |
| 4 | 15.4 | Nomination Committee TOR is published. | The draft corporate governance framework includes the terms of reference of the nomination committee which will be published upon approval by the board. |
| 5 | 15.5 | Annual Self Assessment Process is in place. | The Board Self assessment will be carried out in accordance with the Self assessment worksheet of the draft Corporate Governance policy. |

| Sl. No. | Bullet No. | **Article 16 –Remuneration** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 16.1 | Remuneration Committee to comprise of 3 non-executives, majority independent. | The Board remuneration is approved by the General Assembly based on the Board recommendation. As per Article 44.1 of the Articles of Association of the Company, the Directors of the Company shall be paid such remuneration as may be determined by the Special Shareholder. |
| 2 | 16.2 | TOR is published. | |
| 3 | 16.3 to 16.5 | Remuneration Policy presented to the General Assembly, made public and responsibilities to be considered for fixing remuneration. | The Company has developed a draft Corporate Governance Framework which includes a section on the BOD's Remuneration policy. |

| Sl. No. | Bullet No. | **Article 17 –Audit Committee** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 17.1 | Audit Committee to comprise of 3 members, majority being independent. One member should be with Financial and audit experience and Chairman should be independent. | The audit committee comprise of 3 members all of whom are members of the board. The audit committee is appointed by the GIS board. Currently we there are no independent members. The independence aspect and the member with financial and audit experience will be considered in the draft board audit committee composition forming part of the draft corporate governance framework to be approved by the board. |
| 2 | 17.2 | An external auditor of the company for the past two years cannot be members. | The Audit Committee does not include a member who has been an external auditor of the company for the past two years. |
| 3 | 17.4 | The Audit Committee meets at least quarterly and has minutes of meetings. | The audit committee met once during the year 2011, the minutes of meetings of which are maintained. The provisions on meetings have been included in the draft Corporate Governance framework and the frequency of the meeting in the corporate governance framework will be in accordance with the QFMA code. |
| 4 | 17.5 | Disagreements between the committee and the Board are noted in the Governance Report. | There are no disagreements between the committee and the Board. |
| 5 | 17.6, 17.6.1 to 17.6.17 | Terms of Reference of BAC. | The Terms of reference of the board audit committee has been included in the draft corporate governance framework which will be approved by the board . |

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| 6 | 17.6 | Adopt a policy for appointment of external auditors. | The policy for appointment of external auditors has been included in the draft corporate governance framework. |
| 7 | 17.6 | Meet at least once a year with the external auditor. | The draft terms of reference of the board audit committee developed by the consultant includes provision on meeting with external auditors. The terms of reference will be approved by the board . |
| 8 | 17.6 | Develop whistle blowing rules. | The draft Corporate Governance framework includes a section on the whistle blowing rules which will be approved by the board . |

| Sl. No. | Bullet No. | **Article 18 –Compliance, Internal Control and Internal Auditor** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 18.1 | The Internal Control System is adopted by the Company and approved by the Board. | The draft corporate governance framework includes a section on internal control and internal audit. The framework will be approved by the board . |
| 2 | 18.2 | Company conducts Risk Assessments. | |
| 3 | 18.3 | Company has an internal audit function with clearly defined functions and roles. | |
| 4 | 18.4 | Internal Audit Function shall include at least one auditor who is appointed by the Board and reports to the Board. | |
| 5 | 18.5 | Audit Reports should include relevant information detailed in Article 18.5.<br>▪ Control & oversight procedures of financial affairs, investments and risk management.<br>▪ Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes. | |

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|---|---|---|---|
| | | ▪ Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board.<br>▪ Internal Control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements).<br>▪ The Company's compliance with applicable market listing and disclosure rules and requirements.<br>▪ The Company's compliance with Internal Control systems in determining and managing risk.<br>▪ All relevant information describing the Company's risk management operations. | |
| 6 | 18.6 | Audit Reports prepared every quarter. | Please see above. |

| Sl. No. | Bullet No. | **Article 19 – External Auditor** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 19.1 | Appointed external auditor does annual and semiannual audits. | External auditor conducted annual audit and semiannual review for the year 2011. |
| 2 | 19.2 | External Auditor is independent from the Company and the Board. | The external auditor was independent from the Company and the Board. |

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|---|---|---|---|
| 3 | 19.3 | External Auditor attends AGM. | External auditor attended the AGM held in 2011. |
| 4 | 19.4 | External Auditor raises any concerns to regulatory authority, if no action is taken by Board. | No regulatory issues were noted by the external audit. |
| 5 | 19.5 | External Auditor is rotated every 3 years. | According to the Articles of association of the company, the external auditor is appointed annually for a period of one year by the general assembly and may not be appointed for 3 consecutive terms unless the General assembly decides otherwise. According to Commercial companies' law, the general assembly may reappoint the auditors for a further period provided that the period of appointment should not exceed 5 consecutive years. However, the company will work on adopting the rotation requirements of the QFMA.<br>The external auditor has been the auditor of GIS for a period of 1 year as at 31st Dec 2011. |

| Sl. No. | Bullet No. | **Article 20 – Corporate Governance Report** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 20.1 | Disclosures as per article 20.1 are made including disclosure on education, percentage of shares held, board seats held by the directors, major shareholder details, names of members of various committees. | The financial disclosures are part of financial statements.<br>The Board member details are provided in this report.<br>Major shareholder details are provided in this report.<br>Names of members of the board audit committee are provided in this report. |
| 2 | 20.2 | Board to ensure that all disclosures provide accurate and true information. | The corporate governance report are reviewed by the board and signed by the Chairman of the board. |
| 3 | 20.3 | Financials are in accordance with IFRS. | The auditors have found that the financial statements are in accordance with the IFRS. |
| 4 | 20.4 | Audited financials are made available to all shareholders. | The Company's Financial Reports were circulated to the Shareholders' at the AGM. Furthermore, GIS's Financial Statements are published on the Qatar Exchange, Local newspapers and the Company's website. |

| Sl. No. | Bullet No. | **Article 21 –Shareholder Rights** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | NA | Shareholder Rights are protected in accordance with Bylaws and this Code. | The draft corporate governance framework includes a section on shareholders rights which will be approved by the board . |

| Sl. No. | Bullet No. | **Article 22 –Ownership Records** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 22.1 | Share ownership records are maintained and updated. | Shareholder records are maintained and updated by the Qatar Exchange. |
| 2 | 22.2 | Shareholder register can be freely accessed by all Shareholders during Office Hours or in accordance with Access to Information Procedures. | Shareholder register is maintained and updated by the Qatar Exchange. The draft corporate governance framework which will be approved by the board considers the review process of GIS upon request of access to Shareholders register by the Shareholder. |
| 3 | 22.3 | Shareholders may obtain any document listed in Article 22.3. | Entitlement of shareholder to obtain copies of documents is contained in the draft Corporate Governance Framework. |

| Sl. No. | Bullet No. | **Article 23 –Access to information** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 23.1 | Access to Information Procedure is included in AoA and Bylaws. | Access to information procedure is included in the draft Corporate Governance framework. |
| 2 | 23.2 | The Company shall have a website where all relevant disclosures are made. | The Company has a website where all relevant disclosures are made. |

| Sl. No. | Bullet No. | **Article 24 –Shareholders' Rights with Regard to Shareholders' Meetings** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | NA | Shareholders right to call for a General Assembly, right to place items on the agenda, discuss matters listed on the agenda and address questions is included in the AoA/ By-Laws. | These rights are included in the AOA of the company. |

| Sl. No. | Bullet No. | **Article 25 –Equitable Treatment** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 25.1 | Shares of the same class shall have the same rights. | Shares of the same class have the same rights. |
| 2 | 25.2 | Proxy Voting is permitted. | Proxy voting is in accordance with the articles of association. |

| Sl. No. | Bullet No. | **Article 26 Shareholders' Rights concerning Board Members' Election** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 26.1 | AoA and Bylaws shall include provisions ensuring shareholders are given information relating to Board Member Candidates. | The establishment of the company is in accordance with Article (68) of the Commercial Companies Law No. 5 of 2002 which allows the company to follow its constitution. Article 22.1 of the Articles of Association states that after the 3rd anniversary of the date of the Article of Association, the board shall consist of no less than 5 and no more than 10 directors, 7 of who shall be appointed by the Special Shareholder without the need for approval at a general assembly. Following the initial appointment by QP, the same composition has subsequently been approved by the general assembly. |
| 2 | 26.2 | Voting for Board Members is by Cumulative Voting. | Since QP appoints the board, there is no voting required. |

| Sl. No. | Bullet No. | **Article 27 Dividend Distribution** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | NA | BOD shall submit to the General Assembly a clear policy on dividend distribution. | The draft dividend policy has been included in the draft corporate governance framework. The dividend policy will be presented to the general assembly once the board endorses the same. |

| Sl. No. | Bullet No. | **Article 28 Capital Structures, Shareholders' Rights and Major Transactions** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 28.1 | Capital structure should be disclosed and Companies should determine the type of shareholders agreements that should be disclosed. | The capital structure of the Company is disclosed in the financial statements. The draft corporate governance framework will include a section on the type of shareholder agreements. |
| 2 | 28.2 and 28.3 | AoA and/ or Bylaws protect minority shareholders in the event of approval of Major Transactions when minority shareholders are against such transactions. AoA and/ or Bylaws provide triggers or Tag Along Rights in case of a change in ownership exceeding a certain threshold. | The draft corporate governance framework includes a section on the protection of the minority shareholders. |

| Sl. No. | Bullet No. | **Article 29 Stakeholder Rights** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 29.1 | Stakeholders' shall have access to information as defined in Article 29.1. | The draft corporate governance framework includes section on Stakeholder rights which will be approved by the board . |
| 2 | 29.2 | Employees treated in accordance with principles of fairness and equity and without any discrimination. | HR functions are outsourced by GIS to QP based on the Signed Service Agreement. The draft Corporate Governance Framework developed by the consultant includes remuneration policy for the |

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|---|---|---|---|
| 3 | 29.3 | Employees' and management remuneration policy and packages shall be developed by the Board which should take into consideration the long term performance of the company. | Managing Director and the Chief Coordinator. |
| 4 | 29.4 | Board adopts a mechanism for reporting unethical behavior (whistle-blowing), where whistle-blower is protected. | The draft corporate governance framework includes a section on whistle blowing policy which will be approved by the board . |

| Sl. No. | Bullet No. | **Article 30 The Corporate Governance Report** | **Comment/Management's Response** |
|---|---|---|---|
| 1 | 30 | Governance Report should cover the items documented in Article 30.<br>▪ Procedures followed by the Company in preparing the corporate governance report.<br>▪ Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future.<br>▪ Members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration.<br>▪ Internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management.<br>▪ The procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected | All items have been responded as above. |

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| | | market changes.<br>▪ Assessment of the performance of the Board and senior management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board.<br>▪ Internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements).<br>▪ The company's compliance with applicable market listing and disclosure rules and requirements.<br>▪ The company's compliance with Internal Control systems in determining and managing risks.<br>▪ All relevant information describing the Company's risk management operations and Internal Control procedures. | |

**Dr. Mohamed Bin Saleh Al-Sada**
**Chairman & Managing Director**