

# الخليج الدولية للخدمات

CORPORATE GOVERNANCE REPORT 2017



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## 1. Introduction

Gulf International Services (GIS) is a Qatari public shareholding company listed on the Qatar Exchange. The Company was duly established pursuant to its Articles of Association and Law no. 5 of 2002 on the Commercial Companies, and in particular Article 68 thereof. Subsequently, the Company adjusted its status and brought its Articles of Association into conformity with the provisions of the Commercial Companies Law no. 11 of 2015, consistent with the specific nature of its incorporation.

As the founder, owner of the special share and having 10% of the Company's share capital, Qatar Petroleum provides GIS with all the required financial and head office services under the services level agreement signed between the two companies. Accordingly, GIS applies some of QP's rules and procedures as a service provider. As part of its efforts to consistently adhere with the corporate governance standards and best practices, GIS signed a contract with a consulting firm to develop a corporate governance framework, which was approved by the Board of Directors at its first meeting of 2013 held on 25/2/2013.

## 2. Governance scope of application and adherence to principals

Out of a firm belief in the importance and necessity of establishing the principals of good governance to enhance the added value to the Company's shareholders, GIS Board of Directors is committed to applying the principles of governance set out in the Governance Code for Companies and Legal Entities Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA) pursuant to resolution no. 5 of 2016, consistent with the provisions of the Company's AoA, taking into consideration that justice and equality among stakeholders should be achieved, as well as enhancing transparency, disclosure and providing timely information to stakeholders in a way that enable them to make their decisions and do their work properly, uphold the values of corporate social responsibility, put the public interest of the Company and its stakeholders ahead of any other interest, perform

duties, tasks and functions in good faith, integrity, honor and sincerity and take the arising responsibility to stakeholders and community.

The Board of Directors always ensures that the Company has an organizational framework that is consistent with the legal and institutional framework of the listed companies by reviewing and updating governance implementations at the Company. The Board is also committed to the development of professional conduct which reflects the Company's values

Taking into account the grace period accorded by QFMA to the listed companies to adjust their status in conformity with the provisions of the aforementioned Governance Code, and as part of its efforts to comply with the provisions of the Governance Code and bring its official documents in line with such Code, the Company will amend some provisions of its Articles of Association at the Extraordinary General Assembly meeting to be held on 5/3/2018,.

## 3. Board of Directors

### 3-1 Board Structure

In accordance with the amended Articles of Association, the Board consists of seven (7) Directors, three of whom are appointed by the Special Shareholder (Qatar Petroleum). Four (4) Directors shall be elected by secret ballot of the General Assembly. The Special Shareholder shall not participate in the voting process. As the Special Shareholder, Qatar Petroleum has the right to appoint three (3) Directors for many reasons, all of which highlight the close link between the financial and operational performance of the Company and that of Qatar Petroleum, as follows:

1. Qatar Petroleum, the founder, owner of the special share and having 10% of the Company's share capital.
2. Qatar Petroleum provides all financial and head office services to the Company under a Service Level Agree-

ment. These services are provided as and when requested to ensure full support for Gulf International Services' operations.

3. The strategic activities of the Company, particularly the aviation and drilling segments.
4. Qatar Petroleum provides technical support to group companies.

Except for those matters that are required by the Company's Articles of Association to be decided by the Shareholders, the Board of Directors enjoys the widest powers necessary to give full effect to the objects of the Company. The Board may delegate any such power to any one or more of the Directors.

### 3-2 Board Composition

Directors are appointed for renewable terms of three (3) years or such shorter periods (being no less than one (1) year). Under the resolution of the Company's General Assembly passed at its meeting of 18th of February, 2016 on the elected Directors and pursuant to Qatar Petroleum's decision no. (3) of 2015 dated 03/02/2015 on appointing its representatives, GIS Board of Directors was formed in accordance with Article (22) of the Company's Articles of Association on 19/2/2015. As such, three (3) Directors were appointed by Qatar Petroleum and three (3) other Directors were elected. According to the definition of the independent Director in the previous QFMA Governance Code that was applicable at the time of restructuring the Board of Directors, the Board of Directors does not include independent Directors, as they own more shares than the required qualifying number, thus ceasing to be independent.

Qatar Petroleum selects only qualified Board Directors who have sufficient experience and expertise to perform their duties effectively for the best interest of the Company and to achieve its objectives. Qatar Petroleum makes timely disclosure of its decisions on Board formation or any change thereto (Directors' bios are attached).

### 3-3 Key functions and Responsibilities of the Board

The Board of Directors is one of the most important pillars of governance and its implementation at the Company, and is accountable to shareholders to exert due diligence and care in managing the Company in an effective manner and to promote good governance at all levels in order to safeguard the interests of the Company, its partners, shareholders and stakeholders, contributing to the common good.

According to the Board of Directors' Terms of Reference, which are available on the Company's website, the Board provides the strategic direction to GIS by reviewing the Company's vision and mission, and approving and supervising the implementation of the Company's strategic directions, main objectives and business plans. The Board develops and supervises proper internal control systems and risk management, ensuring that effective Executive Management is in place and in succession, and that it achieves GIS's goals and objectives to increase value in a profitable and sustainable manner. The Board of Directors oversees the overall corporate governance of GIS, monitors its effectiveness and amends it as needed. It also reviews the Company's policies and procedures to ensure compliance with relevant laws and regulations and its Articles of Association.

The Board may delegate some of its functions or authorities to Board Committees or special Committees. Special Committees are constituted for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function or authority. In any event, the Board remains liable for all of its functions or authorities so delegated.

In accordance with the Company's AoA, all Directors shall be jointly and severally liable for any fraudulent act, abuse of power, negligent errors in management or violations of the Articles or Law.

### 3-4 Board Chairman

The Chairman is primarily responsible for the proper management of the Company in an effective and productive manner, making available for the Board Members all data and information in a timely manner. The Corporate Governance Framework includes the job description (roles and responsibilities) of the Chairman. The roles and responsibilities, whether strategic, operational or administrative, are described in detail within the Framework. These roles and responsibilities were so outlined in a manner that help achieve the Chairman's main objective of protecting the rights of the shareholders, achievement of the Company's vision and strategic objectives profitably and sustainably.

The Chairman is not a member of any Board Committee referred to in the Governance Code. He also does not hold any executive office. In this regard, the Company's management ensures that:

1. No one person in the Company should have unfettered powers to take decisions at the time of developing the Company's Manual of Authorities and the relevant by-laws
2. The Chairman in his capacity as the Chairman or as the Managing Director is not a member in any of the Board Committee or Special Committees.
3. The roles and responsibilities of the Chairman, remaining Board members and the members of the Company's Executive Management are separated.

### 3-5 Board members

Board members are committed to exercising due diligence in managing the Company and complying with the relevant regulations and laws, including the Charter of the Board of Directors and the Code of Professional Conduct, and to work in accordance with the ethical principles of integrity, respect, objectivity, accountability, excellence, sustainability and confidentiality to ensure upholding the interests of the Company, its shareholders and other stakeholders to be priority before any other interest.

### 3-6 Board meetings

The Board of Directors convenes to conduct the Company's business, and shall adjourn and otherwise regulate its meetings as it may decide. As part of its efforts to implement governance standards, the Company has convened an Extraordinary General Assembly meeting on 26/2/2017 to change the frequency of Board meeting to become at least six (6) meetings during the financial year. Three months must not elapse without convening a meeting. In accordance with the provisions of Article (30-1) of the Company's Articles of Association, the Board of Directors convened (7) times.

All meetings of the Board - in accordance with the Board of Directors' Terms of Reference and the Company's Articles of Association- are conveyed by a notice from the Chairman or, in his absence, the Vice Chairman (if any), or any two Directors or such other Director as is duly authorized by the Chairman. Meeting agenda and invitations shall be given to every Director not less than seven (7) days prior to the date set for the meeting. Board meeting shall not be valid unless attended by at least five (5) Directors (attended in person or represented), provided that the Chairman is amongst them.

The Company, in its endeavor to bring its official documents in line with QFMA Code, will amend the Article on the Vacation of Office of Directors to read as follows:

- The office of a Director shall be vacated by such Director: if he absents himself from three (3) consecutive or four (4) non-consecutive Board meetings (during his term in office) without an excuse being accepted by the Board.

In accordance with the Company's Articles of Association, an absent Director may appoint a Director to represent him in attendance and voting, provided that no Director may represent more than one Director.

To ensure full participation of all Directors in Board meetings, Director has the right to use any of the secure technological means of communications to enable him to hear and actively participate in discussing Board agenda items and to make decisions. A participating Director in such a manner shall be considered as personally present at the meeting and counted in the quorum, and shall be entitled to vote.

### **3-7 Board resolutions**

In accordance with the Company's Articles of Association and bylaws, the Board shall pass its resolutions by majority votes of attendants and representatives at duly constituted Board meetings with the required quorum. A minute shall be prepared for each meeting, including names of the attending and absent members, as well as the meeting discussions. The Chairman, Secretary and all attendants shall sign on the minute and if there is any member, who does not agree on any resolution taken by the Board, may put on record his objection in the meeting minute.

The Board of Directors may, in case of necessity and on urgency grounds, pass resolutions in writing by circulation subject to written approval on such resolutions by all Directors. The resolution shall be deemed in force and effective for all purposes as if it was adopted at a duly called meeting of the Board. In all cases, the written resolution shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting. The actual practice of the Board of Directors is in conformity with the provisions of the Governance Code issued by QFMA. However, the Company will amend its Articles of Association to ensure that resolutions by circulation shall not be deemed in force and effective unless approved in writing by All Directors, and the written resolution shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting.

### **3-8 Board Secretary**

Pursuant to Article (43) of the Company's Articles of Association, the Special Shareholder shall appoint a secre-

tary of the Board for such period and on such terms as it may decide and may revoke such appointment. The Board shall decide on the duties of the Company's Secretary and on the scope of his authority and his annual remuneration.

The detailed roles and responsibilities of the Board of Directors' Secretary are described in detail in his job description in the Corporate Governance Framework. These roles and responsibilities are aligned with the main objective of providing all support and comprehensive administrative services to the Board members and maintaining confidentiality. The Secretary keeps safe Board documents and coordinates among Board members in a timely and appropriate manner.

The Secretary ensures that Board documents are safely maintained and Board meeting agendas, invitations, other required documents, meeting minutes and resolutions are distributed and safely maintained. The Secretary is also responsible for providing orientation material and scheduling orientation sessions for the new Board members.

The current Board Secretary has more than 11 years of experience in the legal business. In addition, the Secretary has many years of experience in handling the affairs of listed companies.

The Secretary may, as he/she deems appropriate and upon approval of the Chairman, delegate to a representative any of his duties, powers or discretionary authorities. However, the representative shall not have the right to delegate such duties, powers and authorities to another person.

The Company, in its endeavor to bring its official documents in conformity with the new QFMA Code, will amend its AoA to have the Board Secretary appointed by the Board or the Special Shareholder.

### 3- 9 Board Committees

As part of its efforts to comply with governance requirements, the Board of Directors established Board Committees and Special Committees and delegated to these committees some powers and authorities to carry out certain functions and conduct Company's business. The Board of Directors remains responsible for all the powers and authorities vested in these committees. Board Chairman is not a member of any Board Committee or Special Committee. Board committees are as follows:

#### 3-9-1 Audit Committee

The Board Audit Committee (BAC) was originally formed pursuant to Board resolution no. 5 of the fourth meeting of GIS Board of Directors of 2010. The current BAC was formed by virtue of resolution no. 2 of the second Board meeting of 2015. Subsequent amendment to the formation was made pursuant to resolution no. 7 of the second meeting of 2017. The BAC presently comprises of 3 members who have the required experience to perform Committee's duties. Committee Chairman is not a Chairman of another Committee, and is not a member of any other Committee.

As previously mentioned, the composition of the Audit Committee does not include Independent Directors according to the definition of the Independent Director in QFMA Code then in force at the time of nominating members for the committee. No one of the current members has directly or indirectly conducted external audit for the Company during the two years prior to their membership in the Committee.

BAC Terms of Reference, which form part of the Corporate Governance Framework, have been prepared in line with QFMA Governance Code and the leading governance practices. Committee responsibilities include financial aspects, external and internal audits, internal controls, compliance and risk management and any other aspect related to the Committee's Terms of Reference.

The Committee regularly report to the Board of Directors about committee activities, issues and related recommendations, particularly with regard to the review and endorsement of the quarterly, semi-annual and annual financial statements, as well as internal and external audit reports, internal control system and risk management. In accordance with the Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Chairman of the Committee and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting. To comply with the provisions of the Governance Code, the Board of Directors, at its first meeting of 2018 , reviewed and approved the Committee's amended Terms of Reference (Roles and Responsibilities) and meeting frequency to become (6) meetings instead of (4) meetings. During 2017, the Committee met 4 times.

The BAC presently comprises of three members. The members of the BAC are:

| Name of BAC member                        | Role     |
|---|----------|
| Sheikh Jassim bin Abdullah Al-Thani       | Chairman |
| Mr. Mohammed Abdullah Ali Matar Al-Mannai | Member   |
| Mr. Saad Rashid Al-Muhannadi              | Member   |

#### 3-9-2 Nomination and Remuneration Committee

As part of its efforts to comply with the provisions of the Governance Code, The Company has formed a Nomination and Remuneration Committee pursuant to Board resolution no. (3) of 2017. The Committee presently comprises of three members, one of whom is the Chairman and the other two, who have the required experience to efficiently perform their duties and those of the Committee, are members of the Company's Board and Executive Management. Committee Chairman is not a Chairman of another Board Committee, and the BAC Chairman cannot represent a member of the Nomination and Remuneration Committee.

Committee's Terms of Reference were developed in line with QFMA Governance Code and the leading governance practices. The Committee performed its duties related to nomination for Board membership to fill four seats for a term of three (3) years (2018-2021) and assisted the Board in determining the qualified persons to serve on the Board by establishing objective criteria to be used by the General Assembly in electing the fittest among the candidates for Board membership (Elected members).

Committee responsibilities include determining the remuneration of the Chairman and all Board members, taking into account the requirements of relevant regulators. In addition, the Committee sets the foundations of granting remunerations and incentives for the senior Executive Management.

In determining the proposed remuneration, the Committee takes into account the duties and responsibilities of Board members and members of the senior Executive Management, Company's performance and benchmarking with the best practices of the similar companies listed on the Qatar Exchange. Committee shall report to the Board of Directors about the Committee activities, issues and related recommendations.

In accordance with the Committee's terms of reference, the meeting of the Committee shall be valid only in the presence of the Chairman of the Committee and a majority of its members. Minutes of meeting shall be prepared for each meeting and signed by all members and representatives present at the meeting.

### **Board of Directors' Remuneration**

The Company has developed a remuneration policy for the Board of Directors that is periodically reviewed. Such policy has fixed and variable parts linked to the overall performance of the Company. The main principals of this policy are included in the Corporate Governance Policies and Procedures. The proposed remuneration of the Board members shall be presented to the General Assembly for approval.

### **Senior management's remuneration**

All financial, administrative and including head office services are provided by Qatar Petroleum's human resources under a service level agreement. Accordingly, the remuneration of the Company's Managing Director, representing the Executive Management of Gulf International Services, is determined and approved by the Company's Board of Directors.

The Remuneration Committee presently comprises of three members. Committee met three times to consider the procedures for applying for Board membership and the proposed remuneration for the Board of Directors and senior management for the financial year ended 31 December, 2017. The members of the Committee are:

| <b>Name of Committee member</b>  | <b>Role</b> |
|----------------------------------|-------------|
| Mr. Abdulaziz Mohammed Al-Mannai | Chairman    |
| Mr. Mohammed Jaber Al-Sulaiti    | Member      |
| Mr. Ahmed Aly Mohamed            | Member      |

### **3-10 Assessment of Board Performance**

The Board of Directors conducts annual self-assessment to ensure that Directors are efficient, honor their commitments, make the most efforts possible and exchange experiences. The assessment takes into account several factors that are consistent with the long-term interests of the shareholders and meet their following expectations:

1. Independence and impartiality in presenting views and ideas while avoiding conflicts of interest
2. Directors' knowledge and experience that are relevant to the Company's activity.
3. Commitment, participation and team working at the Board and its committees.
4. The role of the Board and the extent to which it achieves the objectives set, including the outcome of the business and the achievement of the Company's strategy.
5. Communication between the Board on the one side and its committees and the Executive Management of



the Company on the other side.

6. Decision-making mechanisms and the accuracy and adequacy of the required information.
7. Providing constructive opinions, suggestions and recommendations and ideas in the best interest of the Company.

During 2017, the Board has performed the tasks and dispensed business decisions within its authorities as provided in the Board's Charter. The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate as set out in its Charter.

#### **4- Internal Controls**

The primary objective of the internal controls is to maintain the Company's assets and its capital, ascertain the reliability of the financial records as well as to identify, evaluate and manage the related risks. To this end, the Company has adopted an internal control systems by developing policies and procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant controls and regulations. Clear lines of self-control responsibility and accountability throughout the Company's departments are therefore set. The internal controls are overseen by the Senior Executive Management, the Audit Committee and the Board of Directors to discuss observations on the internal controls. The Internal Auditor periodically reports on this matter. The following are the main elements of the Company's internal controls:

##### **4-1 Risk management**

Risk Management system used by Qatar Petroleum, as a service provider under the concluded service level agreement, is applied. However, the Board of Directors endeavors to maintain an appropriate risk management framework at the Company's level, as it represents an integral part of the Company's governance, which the shareholders expect from the Board of Directors.

This framework takes into consideration pursuing an integrated process for continuous risk management, starting from risk identification, assessment, measurement, management to monitoring as follows:

1. Risk identification and assessment involves identifying and assessing all the risks facing the Company. Risks are classified into four main categories: strategic, operational, financial and compliance related. For each risk, there must be measures to effectively address it, as well as a set of indicators to monitor changes in the overall risk structure and landscape. The risk profile is also simulated in several scenarios, in order to develop appropriate remedies and assess their cumulative impact on the performance of the Company.
2. Risks are then measured based on the impact and possibility of their occurrence.
3. Risks are managed with the possibility that their level is increased, decreased or maintained in a manner consistent with the determined level of risk accepted by the Company. The Company, during treatment, takes into consideration that risks have a life cycle, ie. before, during and after the occurrence. The Company takes into account ensuring the protection and the development of operational regulations and procedures and controls that are in line with the best practices and ensure that related risks are minimized and mitigated.
4. Risks are then monitored to ensure that any related problems are quickly identified and addressed at the appropriate management level.

#### **4-2 Audit**

##### **4-2-1 Internal Audit**

Gulf International Services periodically floats a tender to engage a consultancy firm to provide internal audit services in accordance with the tendering procedures. The proposal shall be presented to the Tenders' Committee, which shall, in turn, raise its recommendations on selecting the appropriate consultant in light of the technical and commercial offers to the competent authority. A consulting firm was appointed on 1/1/2018 to provide the Company and its subsidiaries, as instructed by the Audit Committee, with internal audit services as a "service

provider". The internal auditor considers the risk assessment at both the Company and subsidiaries' level, and then identifies the appropriate audit plan, as well as following up the implementation of outstanding observations and related corrective management plans.

The Internal Auditor has access to the Company's activities and all data are provided as and when requested. The Internal Auditor verifies the control procedures and oversees financial matters and risk management. The internal auditor also verifies the extent to which the Company is committed to applying an internal controls system and complying with the relevant laws and regulations, including the Company's compliance with the rules and conditions governing the listing and disclosure in the financial market.

The internal auditing reports are prepared by the Internal Auditor in accordance with the international standards of internal auditing. Such reports are quarterly submitted to the BAC, then to the Company's Board of Directors as part of the BAC periodic report on audit results, follow up and the current status of the Executive Management' plans of the corrective actions to address any weaknesses in the internal controls, assessment results and the applied systems. The Executive Management shall receive a copy of the report to take the necessary corrective action in accordance with the instructions of the Audit Committee.

#### **4-2-2 External Audit**

The Audit Committee reviews and considers offers of External Auditors registered in the external auditors list of the Authority, and then submit to the Board a recommendation with reasons to choose one offer for appointment of the Company's external auditor. Immediately, after the Board's approval of the recommendation, it shall be included in the Company's General Assembly agenda. The General Assembly shall appoint an External Auditor for one year, renewable for a similar period or other similar periods up to a maximum of five consecutive years, provided that the re-appointment shall not be before passing two consecutive years. The External Auditor and its employees are prohibited neither to reveal the Company secrets, nor to combine between its assigned

business, functions and duties and any other business in the Company, nor to work at the Company before at least one year from the date of relations end with such Company.

The External Auditor provides assurance that the financial statements were properly and fairly made in accordance with the international accounting and auditing standards. The External Auditor reports his observations on significant financial issues and the applied financial controls.

The External Auditor attended and submitted his report to the General Assembly of 2016 held on 26/02/2017.

#### **4-3 Compliance**

GIS Board of Directors is strongly committed to maintaining full compliance with all applicable regulations, including QFMA requirements for the listed companies. The Board also endeavors to ensure that a governance structure draws on the best practices, standards and regulatory requirements on governance is developed and implemented.

Their main responsibility of the Compliance Section is to assist the Board of Directors, Audit Committee and the Company's management to comply with governance rules, and to manage and monitor risks through the related policies and procedures to prevent the Company from suffering as a result of its failure to comply.

The Compliance Officer continuously monitors changes to governance laws and best practices, and periodically informs the Board of any changes to governance practices / regulations.

Where the company has to update its governance structure as a result of changes to the corporate governance regulations and best practices, Compliance Officers must prepare and submit proposals on governance changes to the Board for approval.

## 5. Disclosure and Transparency

### 5-1 Disclosure

The Company complies with disclosure requirements, including A) the financial reports and notes thereto by disclosing them to the regulators, publishing in the local newspapers and on the Company's Website (www.gis.com.qa), B) the number of shares owned by the Chairman and Board Directors, members of the Senior Executive Management, and major shareholders. The Company also complies with the requirements of disclosing information related to the Chairman, Directors, and Board Committees, Chairman and Directors' education and expertise as in their bios, and whether any of them is a Director in the Board of another company or a member of its Senior Executive Management or its Board committees.

The Company's disclosure process follows specific procedures approved by the management. Such procedures covers ways of dealing with rumors by denying or proving, and how to disclose clearly in writing in a manner consistent with the Authority's relevant requirements.

The Board takes appropriate measures to ensure that all disclosures are carried out in accordance with the instructions and rules of the relevant regulatory authorities, and that accurate and non-misleading information with the required quality and quantity is provided to all shareholders in an equitable manner to enable them to take informed decisions.

### 5-2 Conflicts of Interest

The Board complies with the principles of this Code in terms of disclosing any dealings and transactions, which the Company enters into with any "Related Party" and in which such Related Party has an interest that may conflict with the Company's interest. In all cases, any transactions with Related Parties are disclosed in the notes to the Company's financial statements which are published in the local newspapers and on the Company's website.

The Company also seeks the approval of the General Assembly before entering into a major deal or transaction, as defined by QFAM, with the Related Party. Such deal or transaction must be included in the agenda of the next General Assembly to complete the procedures for concluding the deal or transaction.

Further, the Company has developed a policy on the related party transactions within the Corporate Governance Framework. Such policy takes into account the following:

1. Review of these transactions by the Board Audit Committee and the Board of Directors to ensure compliance with relevant regulations.
2. Ensure that all transactions with, or for the benefit of, any related party are on terms and conditions that are acceptable and within safe and sound practices and fulfil the adequacy condition of the required documents and the appropriate levels of the approval authority.
3. Ensure that a transparent process, when applicable, is in place with adequate disclosure of related party transactions to shareholders.
4. Price in a manner consistent with the recognized market practices, or on an appropriate basis, being arms-length.
5. Adequate documentation, and such documentation may take the form of, for example, a services agreement, sale and purchase agreement, loan agreement etc., as appropriate, and that the terms and conditions contained therein are consistent with market practices.

### 5-3 Transparency and Upholding the Company's Interest

The Board of Directors acknowledges that the risk of conflict of interest may arise from the fact that a Director or a member of the Executive Management is a "related party", or access to Company's information by employees, service providers and any other interested party. As such, the Company has adopted a policy of conflict of interest within its Corporate Governance Framework to identify such positions as far as possible to prevent a loss of objectivity by adhering to appropriate professional conduct and establishing principles of transparency,

fairness and disclosure.

Pursuant to the Company's regulations and Conflict of Interest policies, in instances of conflict of interests with a Director, such Director is not entitled to attend the discussion, vote, or pass a resolution in this respect.

In general, a Related Party shall avoid any situation that may involve or result in actual or potential conflict of interest. In all cases, all related decisions must serve the Company's interests.

Moreover, Directors and employees / service providers understand that all information related to Gulf International Services, its subsidiaries and customers is confidential and only used for the Company's purposes. Using such information for personal or family purposes or for other benefits is considered unethical and illegal conduct.

#### **5-4 Disclosure of Securities Trading**

The Company and its subsidiaries have adopted procedures and rules governing trading Company's shares by insiders. These procedures and rules take into account the definition of the insider, whether permanently ex officio or temporarily in carrying specific duties. By virtue of his office, the insider has access to material information about the Company that could have a positive or negative impact on the investment decision of those who trade the Company's share at Qatar Exchange.

The Company updates Qatar Central Securities Depository (QCSD) with details of the insiders, Directors and members of the Executive Management of the Company, so that Qatar Exchange could ban their tradings according to the applicable rules in this regard, and to disclose these tradings in the Company's shares on a daily basis.

In general, it is prohibited for the insider to benefit directly or indirectly from the use of inside information of the Company that has not yet been disclosed. Trading Company's shares on the basis of inside information, re-

gardless of how small or large the trade, is a serious violation of the Company's ethical standards and policies. In addition, the insider may not assist anyone else to trade the Company's shares by improperly disclosing inside information to them.

## **6- Stakeholders rights**

### **6-1 Shareholders Equality in Rights**

Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the Law, regulations and relevant decisions.

The Company's Articles of Association and by-laws include the procedures and guarantees needed for all shareholders to exercise their rights, particularly the rights to receive the specified percentage of dividends, attend the General Assembly and participate in its deliberations and vote on decisions, as well as the right to access to information and request it with no harm to the Company's interests.

However, the Company, in its endeavor to bring its official documents in line with the new QFMA Code, will amend its AoA by adding a provision on the shareholder's right to sell shares as follows:

- Should a Shareholder or a group of Shareholders reach an agreement to sell Shares in the Company equal to or exceeding fifty percent (50%) of the Company's market capitalization, such agreement shall not be enforceable unless an offer is extended to the remaining Shareholders to exercise, at such Shareholders' discretion, their Tag-Along Right.

The Board of Directors and its employees are keen to foster constructive relationships and continuous communication with shareholders and investors so that they can make the right investment decision by (a) ensuring fair

and transparent disclosure of the Company's information both in quality and quantity and in accordance with applicable laws and regulations; b) arranging meetings to discuss their queries on the Company's performance, (c) attending events and conferences, and (d) establishing and maintaining strong partnerships with newspapers and other media.

### **6-2 Shareholders' register**

The shareholders' register is kept and updated by Qatar Central Securities Depository (QCSD). Under the agreement between Gulf International Services and QCSD, the latter undertakes the tasks of registering, maintaining and depositing of securities, clearing and settlement, entering dealings in securities, whether purchase, sale, transfer of ownership, registration or pledging in the respective registers.

### **6-3 Shareholder's right to access to information**

The Company's Articles of Associations and by-laws include procedures of access to information that enable the shareholder to exercise full rights without prejudice to other shareholders' rights or harm the Company's interest.

In 2017, the Company launched its revamped and updated website ([www.gis.com.qa](http://www.gis.com.qa)) in line with the modern display techniques to better serve its shareholders and all related parties. All disclosures including financial reports, press releases and corporate governance reports and its requirements are published on the website.

Qatar Stock Exchange and Qatar Financial Markets Authority are provided with the details of the contact persons. Further, an official email address ([gis@qp.com.qa](mailto:gis@qp.com.qa)) was assigned for receiving any inquiries or requests from the Company's shareholders. The Company has a dedicated team to meet with shareholders to discuss the Company's financial and operational performance. It also seeks views and consider assessments and proposals made by its shareholders, investors from financial institutions and traders in the financial market. The Company

is always keen to maintain regular communication with its shareholders.

The representatives of the Company ensure that all information provided to shareholders / investors is of that kind which is allowed to be issued to the public. It is prohibited to provide confidential information or favor a shareholder than another.

### **6-4 Shareholders' Rights to General Assembly**

#### **6-4-1 Attendance and invitation**

In accordance with QFMA instructions, each shareholder, whose name is entered in the shareholders' register at the close of the business on the same day of the General Assembly of the Company and who is present in person or duly represented by a proxy, is entitled to attend the General Assembly meeting. Such shareholder shall have one vote for each share held by that shareholder. However, the Company, in its endeavor to bring its official documents in line with the new QFMA Code, will amend the provisions of its AoA to include:

1. The right of the registered shareholder to attend the General Assembly meeting, in person or by a proxy or legal deputy, at the end of trading session on the day on which the General Assembly is convened.
2. The right of the shareholder to appoint by a proxy executed in writing another shareholder who is not a Director to attend the General Assembly on his behalf; provided that shareholder by proxy shall not own more than (5%) of the Company's capital shares.
3. The right of minors and those who are in custody to attend the General Assembly meeting by their legal representatives.
4. The right of the shareholder (s) who owns at least (10%) of the Company's capital, for serious grounds, to request an invitation to convene General Assembly. The right of the shareholders representing at least (25%) of the Company's capital to invite Extraordinary General Assembly to convene pursuant to the procedures

prescribed by the Law and the regulations in this regard.

#### **6-4-2 Effective Participation**

The Company saves no effort to ensure that shareholders have the opportunity to participate effectively and vote in General Assembly Meetings and be informed of the rules, including voting procedures which govern general shareholder meetings. To that end, the Company:

1. Provides the shareholders with sufficient information in quality and quantity on the date, location and agenda of the general meetings, as well as full and timely information regarding the matters to be discussed at the meeting to enable them to make a decision. The Company announces its meeting agenda in the local newspapers and on its own website. It also informs Qatar Exchange to announce this on its website.
2. Enables shareholders to ask questions to the Board and place items (if any) on the agenda of the meeting, propose or object to resolutions, subject to the procedures established by law and applicable regulations in this regard.
3. Provides shareholders with a mechanism to vote in person or in proxy, and equal effect should be given to votes whether cast in person or in proxy.

As part of its efforts to bring its official documents in line with the Governance Code, the Company will amend its AoA by adding the following Article:

“Shareholder may object to any resolution deemed for the interest or harm of a certain group of shareholders; or brings personal benefits for Directors or others without regard to the Company’s interests. Shareholder is entitled to enter such objection into the record of the meeting and to invalidate the objected resolution without prejudice to the provisions of these Articles in this regard.”

#### **6-4-3 Election of Board Directors**

GIS observes disclosure requirements in relation to candidates for Board membership (four elected members). The Company has already provided its shareholders with full information about all candidates, including their education and experience, as taken from their bios by providing the regulators with their names and posting them on the Company’s website well before the date set for the General Assembly, so that shareholders can take informed decision on the candidates.

Qatar Petroleum selects only qualified Board Directors who have sufficient experience and expertise to perform their duties effectively for the best interest of the Company and to achieve its objectives. Qatar Petroleum makes timely disclosure of its decisions on the composition of the Board of Directors or any change thereto.

#### **6-4-4 Dividend distribution**

In accordance with the provisions of the Company’s Articles of Association amended by a resolution of the Company’s Extraordinary General Assembly held on 26/2/2017, dividends shall, by resolution of the General Assembly, be distributed to shareholders not less than five (5) percent of the net profits of the Company after deducting legal deductions, provided that the dividend shall not exceed the amount recommended by the Board. The key features of the dividend distribution policy, described in the Company’s Corporate Governance Framework, are explained in the attachments to the meeting agenda of the Company’s General Assembly. In general, such policy requires the Company to balance shareholders’ expectations with its operational and investment needs by considering the following factors before presenting the proposed dividend distribution to the General Assembly:

1. Cash flow constraints: It is not obligatory on GIS to distribute full profit to the shareholders. GIS shall keep sufficient cash for its operational requirements before dividend distribution.
2. Lenders Constraints: GIS shall satisfy the financial requirement of lenders, if any

3. Legal constraints: Any legal reserves shall be reserved before distributing the dividend.
4. Future Investment Plan: investment plans of GIS shall be considered and sufficient cash shall be retained before dividend distribution unless it has been decided to fund the investment through additional share capital or bank financing.

The proposed annual dividend distribution is subject to the final approval of the General Assembly. The Company, through its contract with a local bank, facilitates the access to dividends for the authorized shareholders for the current year and previous years. Shareholders can visit any of the bank branches to receive their dividends in cash, transfer these dividends to their accounts or receive dividend cheques. The Company's website is periodically updated with unclaimed dividends and required documents for collection.

### 6-5 Conducting Major Transactions

The Company ensures that all shareholders are treated equitably. The shareholders of each class of shares are equal and have all the rights arising from the share ownership in accordance with the provisions of the relevant law, regulations and decisions. The Company ensures that minority shareholders are protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

Therefore, the Company ensures that all shareholders are equitably treated and voting procedures are facilitated without prejudice to the provisions of the Company's AoA.

As part of its efforts to bring its official documents in line with the Governance Code, the Company will amend its AoA by adding the following Article:

"Shareholders in general and Minorities in particular may, in the event that the Company conducts Major Transactions that might harm their interests or prejudice the ownership of the Company's share capital, object and

enter such objection into the record of the meeting and to invalidate the objected transaction without prejudice to the provisions of these Articles in this regard."

The Company's capital structure is disclosed in the financial statements and herein. Additionally, Qatar Stock Exchange discloses the Company's major shareholders on its website.

With the exception of the selected entities provided for in the Company's Articles of Association, no person or entity, shall hold either directly or indirectly (or be beneficially entitled to) shares of a nominal value exceeding 2% of the Company's capital. The maximum ownership of the company's share capital is 1%, which Qatar Central Securities Depository (QCSD), the entity entrusted with managing the Company's shareholders' register, ensures adherence to.

Details of shareholdings in GIS capital could be obtained from Qatar Central Securities Depository (QCSD) as per Shareholders' register. Details of major shareholdings as of 31 December, 2017 are as follows:

| Shareholder  | Percentage of Shares (%) |
|--|--------------------------|
| Pension Fund - General Retirement and Social Insurance Authority | 16.51%                   |
| Qatar Petroleum  | 10.00%                   |
| Military Pension Fund  | 5.08%                    |
| Qatar Investment Authority                                       | 3.84%                    |
| Other Shareholders   | 64.57%                   |
| Total  | 100.00                   |

GIS will continue to rely on QCSD to obtain valid up-to-date record of shareholdings. As per the information obtained from QCSD dated 31 December 2017, no shareholder has exceeded the limit specified in the Company's Articles of Association, except as expressly provided therein.



### 6-6 The Stakeholders' Rights (non-shareholders)

The Company maintains and respects the stakeholders' rights. Each stakeholder in the Company may request the information related to his interest with attaching a proof of capacity, and the Company is committed to provide the requested information in a timely manner and in a way that does not threaten others' interests or prejudice its interests.

A whistleblowing policy and its related procedures were adopted within the Company's Corporate Governance Framework. Under the policy, GIS assigns BAC Chairman to address whistle-blowing concerns. The assigned Committee member will ensure that issues raised through whistle-blowing are raised and reported to the Board Audit Committee according to the materiality of the issue. A whistleblowing phone number (+974) 4013-2802 has also been provided on the Company's website ([www.gis.com.qa](http://www.gis.com.qa)) to report any concerns.

GIS recognizes that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. GIS will not tolerate harassment or victimization and will take action to protect the whistle-blower that raises a concern in good faith.

### 6-7 The Community's Right

Realizing the importance of its responsibility and role in the community development at all levels of society, Gulf International Services Company makes unremitting efforts to support social initiatives and deepen its positive impact on the individual, society and the environment in general.

The company is always keen to reduce the environmental impact of its operations to the lowest possible sensible level by adopting effective sustainability plans, while also providing job opportunities for qualified Qataris and maintaining suitable operating environment. As part of its ongoing efforts to diversify its sources of income and expand its complementary business, GIS and its subsidiaries support Qatar's overall strategy towards achieving

comprehensive economic development in the interest of the community in which it operates.

### Conclusion

Through its Board of Directors, Gulf International Services is committed to implementing corporate governance principles and best practices, maintaining by-laws and internal procedures to achieve the highest levels of governance and establish anticipatory (proactive) compliance environment aimed at maintaining financial security of its assets and capital, protecting the interests of its customers and shareholders and preserving the Company's integrity and image.

During 2017, no violations were committed and no fines were imposed by a regulator. The Board has performed the tasks and dispensed business decisions within its authorities as provided in the Board's Charter. The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate as set out in its Charter.



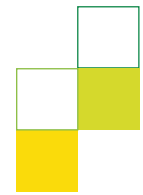
Khalid bin Khalifa Al-Thani  
Chairman





# Appendix





## BOARD OF DIRECTORS' BIOS



**Sheikh Khalid bin Khalifa**  
Chairman

**Qualifications and experience:**

Sheikh Khalid bin Khalifa holds a Master Degree in Business Administration (MBA) from Pacific Lutheran University, Tacoma, Washington, United States.

Sheikh Khalid bin Khalifa Al Thani was appointed Chief Executive Officer of Qatargas Operating Company Limited in 2010. He is a Member of the Board of Directors of Qatargas, Vice-Chairman & Chief Executive Officer of Laffan Refinery Company Limited.

Before his appointment to Qatargas, Khalid was Director of Ras Laffan Industrial City since 2007 and prior to that held the position of Business Development Manager of Messaiyed Industrial City. Khalid held various key positions in Qatar Petroleum since joining the company in 1991.

**Positions held in other listed companies:**

- Vice Chairman, Milaha
- Board Member, Barwa

**Number of shares in GIS:**

Nil



**Mr. Suleiman Haidar Al Haidar**  
Vice Chairman

**Qualifications and experience:**

Mr. Suleiman Haidar Al Haidar holds a BA in Business Administration from Qatar University.

Mr. Suleiman Al Haidar has held various prestigious positions as Chairman Al – Haidar Holding since the year 2003; Chairman of Suleiman & Brothers ( an affiliate of Al Haider Holding) since 2003; Board Member & Head of Audit Committee of Milaha since 2003; Board Member & Member of Audit Committee at Venture Capital Bank of Bahrain from 2003 till 2005; Vice Chairman of Gulf International Services since 2015; Board Member & Head of Audit Committee at International Investment Bank of Bahrain from 2003 till 2006; Board Member of The Chamber Of Commerce from 2007 till 2010; Board Member & President of investments of Qatari German Medical Co. from 2006 till 2010 and Executive Manager High Network at Qatar National Bank from 1996 to 2010.

**Positions held in other listed companies:**

Board Member and Audit Committee Chairman, Milaha

**Number of shares in GIS:**

4,041,911 shares



**Mr. Ebrahim Ahmad Al-Mannai**  
Managing Director

**Qualifications and experience:**

Mr. Ebrahim Ahmad Al-Mannai obtained BA. in Business & Administration – Accounting from the University of Oklahoma in 1996.

Mr. Al-Mannai joined the Project Financing team in Qatar Petroleum in 1997, since then he has worked on and executed a number of mega financings for high profile projects, such as (QAFCO4 Project, Ras Laffan Power, Q-chem II, Qatofin, Q-chem Refinancing and QP first Bond issue)

He also had a professional endeavor with Exxon Mobil USA, where he worked in the Treasury Dept. in Virginia Offices, in 1998.

**Positions held in other listed companies:**

Nil

**Number of shares in GIS:**

Nil



**Mr. Mohammed Abullah Al-Mannai**  
Member

**Qualifications and experience:**

Mr. Al Mannai received Master of Business Administration from University of Sunderland, UK, in 2014.

He started his business career back in 2007 by establishing Al Sehmiyah Cement Factory, a manufacturer of bricks and blocks of all types and supplying concrete products across Qatar.

In 2010, he set up Afuq Qatar Investment that focuses in investing in both stocks and real estate development. He managed to grow the company and has completed real estate projects, both residential and commercial buildings.

**Positions held in other listed companies:**

Board Member, Barwa (first alternative member)

**Number of shares in GIS:**

5,000 shares



**Sheikh Jassim bin Abdullah Al-Thani**  
Member

**Qualifications and experience:**

Sheikh Jassim bin Abdullah Al-Thani obtained a Bachelor Degree (B.SC) in Administrative Science and Economic majoring in Accounting from Qatar University in 2005.

Sheikh Jassim started his career as an Assistant Manager at the Qatar Takaful Company and was promoted to Assistant General Manager in 2006 and worked in that position until 2009. He then worked in the Business Development Department of QIA for 5 years and subsequently worked in the Training Department for two years. He is currently working as a Senior Performance Analyst within the CFO Office of QIA, a position he has held since April 2016.

**Positions held in other listed companies:**

Board Member, Alkhaleej Takaful Group

**Number of shares in GIS:**

410 shares





**Mr. Saad Rashid Al-Muhannadi**  
Member

**Qualifications and experience:**

Mr. Saad Rashid Al-Muhannadi obtained BSC in Industrial & Systems Engineering from the University of Southern California (USC), LA - USA, In 1990.

Mr. Al-Muhannadi joined Qatar General Petroleum Corporation (QGPC) Engineering Department in 1990 as a Developpee.

Mr. Al-Muhannadi also took up various positions in Qatar Petroleum and other companies as follows;  
Engineering Business Manager, Corporate Manager-Contracts, and Director Technical Affairs in QP, as well as Chief Executive Officer, Qatar Chemical Company Limited (Q-Chem).

**Positions held in other listed companies:**

CEO of Qatar Fuel (WOQOD)

**Number of shares in GIS:**

11,652 shares

