

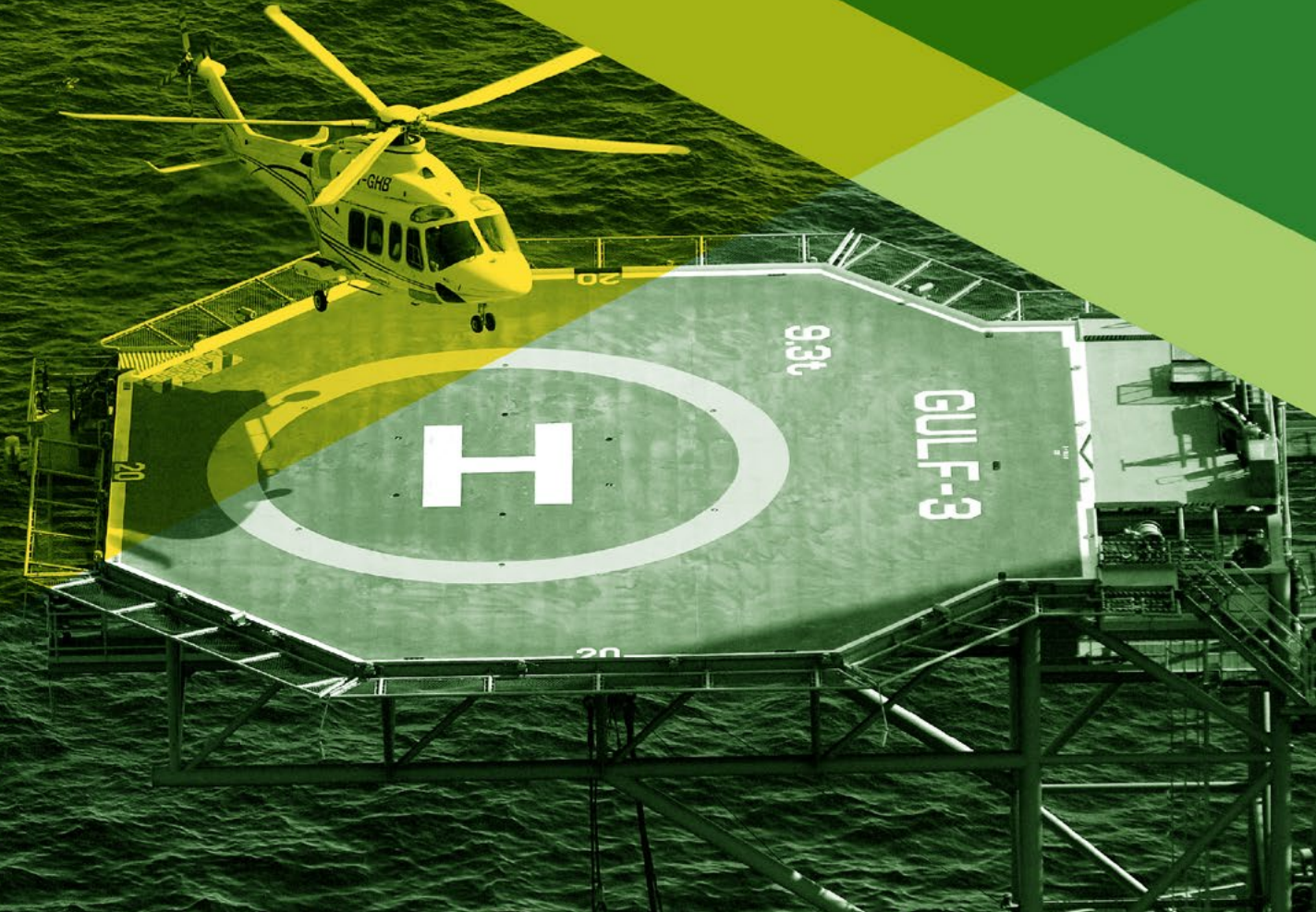


الخليج الدولية للخدمات
Gulf International Services

Annual Report

2021

GULF INTERNATIONAL SERVICES



DISCLAIMER

The companies in which Gulf International Services Q.P.S.C. directly and indirectly owns investments are separate entities. In this annual report, "GIS" and "the Group" is used for convenience in reference to Gulf International Services Q.P.S.C.

This annual report may contain forward-looking statements concerning the financial condition, results of operations and businesses of Gulf International Services Q.P.S.C. All statements other than statements of historical facts are deemed to be forward-looking statements, being statements on future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the Group to differ materially from those expressed or as may be inferred from these statements.

There are a number of factors that could affect the realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the Group's services, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this annual report.

Gulf International Services Q.P.S.C., its Directors, officers, advisors, contractors and agents shall not be liable in any way for any costs, losses or other detrimental effects resulting or arising from the use of or reliance by any party on any forward-looking statement and / or other material contained herein. Gulf International Services Q.P.S.C., its subsidiaries, and associated companies are further in no way obliged to update or publish revisions to any forward-looking statement or any other material contained herein which may or may not be known to have changed or to be inaccurate as a result of new information, future events or any reason whatsoever. Gulf International Services Q.P.S.C. does not guarantee the accuracy of the historical statements contained herein.

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“Higher asset utilization, achieving cost efficiencies, strategic alignment with anchor customers and newer market penetration were the center of Group’s focus to achieve sustainability and preserve shareholder value”

MISSION

Gulf International Services (GIS) is committed to improve its quality of services, widen the services range and broaden its business across borders to help sustain profitable growth, adding value to its shareholders and satisfy its customer’s expectations.

VISION

GIS aims to be a premier quality service provider mainly to the national and / or international oil and gas industry and other industries.

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2021 CORPORATE
GOVERNANCE
REPORT



His Highness

Sheikh Tamim bin Hamad Al Thani

The Amir of the State of Qatar



His Highness

Sheikh Hamad bin Khalifa Al Thani

The Father Amir

BOARD OF DIRECTORS



**Sheikh Khalid Bin
Khalifa Al-Thani**

Chairman



**Mr. Saad Rashid
Al-Muhannadi**
Vice Chairman



**Mr. Ghanim Mohammed
Al Kuwari**
Board member



**Sheikh Jassim Bin
Abdullah Al-Thani**
Board member



**Mr. Ali Jaber
Al-Marri**
Board member



**Mr. Mohammed
Nasser Al-Hajri**
Board member



**Mr. Mohammed Ibrahim
Al-Mohannadi**
Board member

LETTER FROM THE CHAIRMAN



Sheikh Khalid Bin Khalifa Al-Thani

Chairman

“As we enter a post-pandemic recovery phase, our Group companies continue to ensure a leaner cost base, while being more competitive and strive to maintain market share with better asset utilization, and look forward to build a resilient future to create long term shareholder value”

Dear Shareholders,

Since the start of 2021, oil and gas industry showed positive signs of recovery with constructive macroeconomic drivers, on the back of effective vaccination campaigns leading to ease of societal restrictions with elevated economic activity.

Business review

Post-pandemic recovery for the Group remained uneven, with aviation and insurance segments continuing to demonstrate persistent improved set of results, while the drilling segment remained under pressure until first half of the year. However, with the latest strategic realizations, the drilling segment has started to show signs of recovery. Within the catering segment, macroeconomic tailwinds were not immediately felt as the segment was impacted by depressed margins due to industry specific COVID-linked restrictions.

Successful deployment of all the rigs under Gulfd drill JV's fleet

During 2021, Gulfd drill JV, which was previously awarded to supply five jack-up rigs linked to Qatar's North Field expansion, became fully operational with deployment of the remaining three rigs during first half of 2021. Going forward, with Gulfd drill JV becoming fully operational, it is expected to bring additional revenue streams for the segment, along with improved operational cash flows to the Group.

Our strategy going forward

GIS will continue to emphasize on achieving cost efficiency across all its segments and will continue to implement new measures, which could further transform operations, via creating an additional layer of defense to an already lean organization.

Going forward, our group companies will continue their efforts in maintaining their market share, while looking ahead to improve asset utilization, and building a resilient future to create long term shareholder value.

In addition, relentless efforts are being placed to achieve an efficient and effective debt structure for the Group, which is a key ingredient of our corporate strategy. These plans are currently under progress and would bring additional layer of financial sustainability to the Group, with opportunities to expand our footprints, and consequently improve our competitive positioning.

Financial results

An uneven recovery noted at the Group level, where Aviation segment reported better than last year's results, while Insurance segment remained profitable throughout the year. On the other side, drilling segment continued to report losses, however, starting from mid-year there has been a notable recovery with a persistent decline in losses on the back of improved business dynamics for the segment, while catering segment's financial performance remained under pressure.

On overall basis, the Group reported a net profit of QR 54 million for the year ended 31 December 2021, with Group's total assets amounted to QR 9.9 billion as at 31 December 2021.

Creating future shareholder value

From the initial public offering back in February 2008 through till 2016, the Group's shareholders have received accumulated cash dividends of approximately QR 2.7 billion, which is equivalent to approximately QR 16.6 per share, with an average payout ratio of approximately 52%. In addition, shareholders have received a total of 63 million additional shares through three bonus issuances since inception.

With the current post-pandemic recovery phase and this year's financial performance, the Board of Directors believes that a dividend payment in 2021 would bring an additional burden on the Group's liquidity position and may create obstacles to our future plans of achieving long-term stability, while reducing our reliance on external sources of finance. We thank our shareholders for their continued support and expect fullest cooperation to execute our future plans, where we continue to remain exposed to external macro volatilities.

Conclusion

In closing, I offer our sincere gratitude and appreciation to His Highness Sheikh Tamim Bin Hamad Al-Thani, the Amir of the State of Qatar, for his inspired leadership, unwavering efforts and continued support and guidance in promoting Qatar's oil and gas sector. His Highness has been the driving force for Qatar's growth into an advanced society capable of sustaining its development through human, social, economic and environmental progress. As a proud Qatari company, GIS is fully committed to support Qatar's 2030 national vision.

Finally, I want to thank all our shareholders in placing their continued trust and support in us. We will do our best in creating value to our shareholders and achieving GIS' goals, with an expectation that all our stakeholders would support us in these efforts with their fullest cooperation to execute our future plans.

BOARD OF DIRECTORS' REVIEW

“As the Group steers away from pandemic linked challenges, all the segments are striving to achieve excellence, while remaining competitive with an eye on a more stable future”

The Board of Directors is pleased to present its annual review of the financial and operational performance of Gulf International Services for the financial year 2021.

Macroeconomic overview

The growth of oil and gas services industry is purely linked to oil price levels, and structural expansion of the industry. During the year, sentiments within the oil and gas industry were buoyant with higher oil price environment and better macroeconomic drivers. This led to recovery in the related oil & gas services industries, including improved exploration and drilling activities, with better flying activity on account of lesser societal restrictions.

Business and market expansion updates

Drilling business

Within the drilling segment, the recovery in the oil and gas industry coupled with ease of restrictions amid COVID-19 outbreak started to realize mainly from the second-half of the year, as day-rates for the off-shore segment improved from last year's depressed rates. Furthermore, most of the previously suspended on-shore rigs were redeployed, during the year.

The drilling segment also achieved a key milestone this year, and validated the Group market expansion strategy, as segment's JV (GulfDrill LLC) became fully operational with the remaining three rigs commenced operations during the year, despite COVID-linked challenges which led to several delays. The deployment of these rigs enabled the segment to improve its access to the domestic markets and to grow its fleet under management. 100% deployment of the new JV's fleet is exemplary of GDI's continuous efforts to grow and protect its leading market position.

Aviation business

In aviation business, the recovery in the oil and gas industry led to an increased demand for the off-shore aviation services worldwide, which in turn contributed to higher flying hours within both, the domestic and international operations, and led to an improved financial performance for the year. Moreover, successful renewal of contracts in the international business reassured segment's position in the international markets, while MRO business also recorded a positive growth.

Also, Turkish subsidiary and Moroccan venture added one new aircraft each during the year, in order to meet increased demand from the market. This was in addition to a helicopter (AW139) being added during the year to the domestic fleet, as a back-up to existing operations.

Insurance business

Insurance segment managed to build up its strong performance, achieved throughout the period by further expanding both the medical and general lines of businesses, where successful renewal of major contracts and additional coverage for major contracts within the energy line of business were main highlights. Additionally, the segment continued to expand its footprints within domestic SME market, specifically within the medical line of business and added new clients during the year.

Catering business

Catering segment remained under pressure with restrictions mandated since the start of pandemic in relation to food delivery, transportation and manpower accommodation. This has affected segment's performance in terms of lowered revenues, coupled with additional layer of costs incurred in order to comply with the requirements leading to negative margins for the segment since pandemic. However, despite stiff market challenges faced during the period, the segment was able to win new contracts within manpower line of business.

Our strategy going forward

Looking ahead, Group's strategy will mainly focus on expanding its market share in Qatar and tapping into new international markets, as applicable to each segment. Moreover, one of the core objectives of GIS will be to strategically reposition our core and gas services business via achieving continued cost efficiencies and maximizing asset utilization, which would allow segments to better leverage their domestic and international strengths in order to enhance shareholder value. In addition, the Group intends to strategically build new revenue streams while benefiting from projects linked to Qatar's North Field expansion plan, and exploring diverse avenues for future growth from the upcoming FIFA World Cup.

Achieving cost efficiencies and asset utilization

Optimizing costs and resources are one of the key priorities for GIS group companies. GIS is on a continuous journey to transform itself into a leaner and a more efficient organization, with a strict cost discipline.

During last year, the head office took a lead role in planning, coordinating, and implementing these measures, and worked closely with the senior management at Group companies to identify opportunities that are best suited in achieving additional cost savings. These ongoing initiatives will definitely aid the Group to overcome recent external challenges, and eventually lead to improved value creation for the shareholders.

BOARD OF DIRECTORS' REVIEW

In terms of asset utilization, GIS's main focus was to ensure optimal utilization of its assets without compromising quality and safety standards. Within the drilling segment, rig utilization stood at 84%. As for the aviation segment, total fleet's flying hours improved by 28%, with better flying activity noted within both domestic, as well as, international operations on account of ease of societal restrictions.

Health, Safety and Environment (HSE)

The Group continue to focus on HSE and ensured that it remained a core value across its workforce. This year a series of progressive milestones were achieved, while demonstrating that the Group is on track towards achieving its HSE related goal of ensuring all its workplaces are safe for everyone. These milestones included increasing HSE awareness, conducting safety trainings and increasing safety awareness by promoting safer work systems. Going forward, Group's strategy will continue to enhance and align HSE standards with global standards to support the core objective of operational excellence.

Competitive strengths

GIS was established with an aim of bringing together some of Qatar's key oil and gas support services companies within one group. The Group is uniquely placed within the region due to its distinctive competitive strengths.

The drilling business is a leading oil and gas on-shore drilling services provider in Qatar, with a dominant market share in the off-shore drilling services within Qatar. This is added with extensive experience of rig-management services within Qatari waters, in collaboration

with other major oil and gas exploration companies.

Gulf Helicopters has strong profile and well recognized by major oil & gas companies. Considering GHC's fleet size, technical capabilities, safety and quality standards, the company is well known in the international helicopter services industry. Gulf Helicopters' fleet of offshore helicopters is made up of modern generation helicopter types; including AW139 and AW189; which are popular and widely used for off-shore transportation in Qatar and internationally, as well. The company owns a fleet of helicopters, which gives it an added advantage in terms of flexibility and more reliable control of helicopters supply. GHC also continues to build up its in-house MRO capabilities and has managed to add third party clients.

Within insurance segment, medical insurance business is one of the leading providers of medical insurance in the country, serving not just oil and gas sector companies, but leading corporate accounts. Al-Koot had consistently bestowed a strong financial performance and stability through the years, with solvency ratios always being above the QCB requirements. It has a very strong market presence, both locally and internationally, especially as it has a core "know-how" in energy related risk classes and it also has a strong positioning with key market clients in the energy sector.

The catering business is a leading provider of services to Qatar's offshore operations and has in-depth experience in catering for large volume industrial workforce with tight budgetary constraints and have a proven track record of successfully delivering high quality services safely, especially for the oil and gas sector, where Amwaj has a major market share.

These competitive advantages have been pivotal in enabling the Group to build its operational excellence, asset utilization, cost positioning, access to markets and operating asset base.



Financial results

The Group posted a net profit of QR 54 million, up by 117% from a net loss of QR 319 million in last year. The Group's total revenue for the year ended 31 December 2021 slightly improved by 3% compared to 2020 and amounted to QR 3.1 billion for the year ended 31 December 2021, as compared to QR 3.0 billion for last year. For the year ended 31 December 2021, the Group reported an EBITDA of QR 550 million.

The profitability mainly improved on account of better results from drilling segment, as well as continued profitability from insurance and aviation segments. Moreover, an impairment provision booked during last year, significantly impacted last year's profitability compared to current year. Moreover, lowered finance cost due to decline in interest rates contributed positively to the Group's bottom line profitability. On the other hand, direct costs increased by 3% negatively affecting Group's profitability and was mainly due to increase in activity within drilling and aviation segments coupled with increased claims within insurance segment, partially offset by direct cost reduction noted in catering segment.

The Group's total assets declined by 0.4% during the year, to reach QR 9.9 billion as at 31 December 2021. On the liquidity front, the closing cash, including short-term investments, stood at QR 698 million. The Group reported a total debt of QR 4.3 billion as at 31 December 2021.

Funding strategy

Funding strategy of the Group revolves around achieving an optimum level of debt, which best fits Group's overall corporate strategy of growth and its earnings base.

The current levels of debt continue to weigh on the Group's net earnings, as finance cost is one of the key cost ingredients, and specifically limits drilling segment's ability to perform and becoming profitable.

Given the overall corporate strategy and future growth prospects, the debt restructuring is inevitable and would not only build an optimum interest cover, but also provide greater flexibility to manage liquidity and ease pressure on the Group's financial position. With the similar intentions, Group's management has remained active throughout the year while engaging all the stakeholders, in order to achieve an optimal debt structure.

Currently various scenarios and options are being considered and evaluated that would allow management, as well as all the other stakeholders, to apprehend better certainty with a stable view of the market in relation to Group's debt profile and repayment ability.

Dividends

Given the potential opportunities available to the Group to expand its market share, and the need to remain financially flexible with the current debt structure, the Board of Directors believes that a dividend payment this year will be a burden on the Group's liquidity position and will place pressure on future strategy. Hence, the Board of Directors recommends no dividend payment for the financial year ended 31 December 2021 and GIS will deploy the retained funds to capture the present and future opportunities.

Conclusion

The Board of Directors expresses its gratitude to His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar, for his wise guidance and strategic vision. Our gratitude is also extended to the clients of GIS for their continued trust and faith, and to the senior management of the Group companies for their hard work, commitment and dedication. We would also like to thank our esteemed shareholders for the great trust placed in us.

BOARD OF DIRECTORS' REVIEW OF SEGMENTS

01 DRILLING

Strategy

Business strategy for the drilling segment revolves around delivery of best possible operations, both in terms of utilization and commitment to health, safety and environment; streamlining cost structures to a leaner organization levels; diversifying while expanding client base; and optimizing debt structures.

Key achievements

The key highlights for GDI in 2021 was the deployment of last three rigs for Gulfdrill JV. With these additions, JV is operating with five premium jack-up rigs as per the contract in relation to the North Field Expansion project. Moreover, starting from second half of 2021, a new set of rig day-rates within the off-shore fleet were agreed and enacted, which supported the overall topline for the segment. Also, most of the suspended onshore rigs were deployed, improving overall rig utilization for the segment.

Industry updates

During the year, there has been a notable improvement in the level of confidence among oil companies with respect to capital investments as a result of stable oil prices, which in turn has led to an uptick in demand for drilling services, especially in the second half of the year.

Key HSE realizations

GDI have always put strong emphasis on safety measures and continuous efforts to prevent incidents companywide. The company works relentlessly to strengthen safety and improve quality and operational efficiency.

In an effort to enhance the safety standards and improve safety culture within the fleets, GDI organized and conducted safety leadership workshops by CHECK 6 in Doha before the start of the pandemic. Earlier this year due to COVID restrictions, on board rigs GOAL ZERO leadership coaching was started in an effort to enhance safety culture, improve safety coaching / mentoring and supervision leadership which is currently ongoing.

Achieving cost efficiencies

Effective cost optimization has always been a top priority to GDI and well embedded concept into GDI's culture regardless of market conditions. Given the current market condition within the drilling industry, GDI is effectively making continuous efforts to optimize cost in every possible area of business to withstand and mitigate challenges during difficult times.

GDI view cost optimization as a continuous exercise that would result in achieving better financial flexibility to pursue growth opportunities and would make GDI to withstand and navigate industry downturns. Moreover, minimizing down-time and maximizing compliance with preventive maintenance KPI's are key to achieving efficiency.

Asset utilization

The Group is committed to maintaining the optimum utilization level of the rig fleet, while ensuring that safety and performance standards are not compromised.

Throughout the year GDI has stayed true to its commitment to operational excellence and has continued to perform safely and at a high level of performance standards for its clients. Actual rig utilization reached 84% for the year 2021, while 2 on-shore rigs remained off-contracted throughout the year.

Financial performance

The segment reported a revenue of QR 1,020 million for the year ended 31 December 2021, up by 10% compared to last year. The growth in revenue was primarily linked to improved rig-day rates applicable to the offshore fleet, as the new rates took effect from July'21. Moreover, deployment of three additional rigs as part of Gulfdrill JV's fleet during Q2-21, has also added value to segment's revenue recovery. Moreover, deployment of most of the suspended onshore rigs, during the year, positively affected segment's topline for the year.

The segment reported a net loss of QR 201 million, compared to a net loss of QR 453 million for last year. Improvement in segment's profitability was mainly linked to improved revenues and absence of one-off impairment losses which were booked during last year. Improved bottom-line performance was also supported by lower interest rates, which declined by 20% during 2021 compared to last year.



BOARD OF DIRECTORS' SEGMENTS REVIEW

02 AVIATION

Strategy

The business strategy for Aviation services segment has been mainly built on expanding markets domestically and growing international footprints with a focus on MENA and Africa. The strategy also targets growing GHC's fleet to meet anticipated growth; while also upgrading the existing fleet to retain customer base with most advanced aircrafts; and growing maintenance, repairs and overhaul activities.

Macroeconomic updates

Following a pandemic year, oil and gas industry continue to show positive signs of recovery with constructive macroeconomic drivers, on the back of effective vaccination campaigns leading to ease of lockdown restrictions in major markets.

COVID-19 related restrictions which affected aviation services' demand last year, imposed by oil and gas companies remained relaxed during the year, and aided in growing demand for helicopter services. Although, global spending in helicopter industry remained muted since last year.

Key achievements

Gulf Helicopters efficiently utilized its available fleet during the year, while preserving its presence in the international markets. GHC has continued to look beyond its core business segments and served on third party maintenance service contracts with domestic and international customers awarded during last year and successfully carried forward to this year.

Moreover, GHC successfully added one new aircraft (AW139) to its domestic fleet and 2 new aircrafts internationally.

The Company was also awarded with a safety award by Helicopters Association International for accomplishing more than 10,845 flight hours free of accidents and violations.

Market expansion updates

During the year, GHC managed to secure extension of contracts in Qatar and international markets. Going forward, the objective remains centered around the growth of core aviation operations, as well as, MRO business where the company is currently looking for opportunities in various markets as part of its international expansion strategy.

Key HSE realizations

GHC conducted a wide range of HSE-related training and educational activities during the year that enhanced awareness of health and safety. Following the certification of ISO 45001:2018 standards back in 2020, GHC has fully implemented the standards throughout the organization in 2021. The enhanced safety reporting culture and emphasis on HSE regulations and procedures helped GHC maintain consistent HSE performance during 2021. As a result, no major HSE incidents were reported during the year.

Achieving cost efficiencies

During 2021, GHC continued its cost optimization targets without compromising quality and safety of operations. Controllable expenditures were closely monitored to ensure that costs are fully optimized and profitability is sustained at an optimal level, while shareholder value is created. During

the year, the Company was able to contain general and administrative expenses by 13% compared to last year. Going forward, GHC will continue to review its fleet and operations, which could create opportunities to further reduce operating costs.

Asset utilization

During the year, AW139 and AW189 fleets were actively deployed on contracts and utilization rates remained in line with budget. An additional AW139 helicopter was procured during the year and added to the domestic fleet, as a back-up to existing operations. Moreover, Turkish subsidiary and Moroccan venture added one new aircraft each during the year, in order to meet increased demand from the market. On overall basis, flying hours increased due to easing out of COVID related restrictions.

Going forward, GHC is on a continuous journey of enhancing and upgrading its current fleet to ensure retention of its existing customers and to maintain a core fleet that has the latest aircraft technology. Moreover, AW139 and AW189 fleets are being actively marketed on tenders for Oil & Gas companies internationally.

Financial performance

Aviation segment reported a total revenue of QR 722 million for the year ended 31 December 2021, up by 5% compared to last year. The increase was mainly attributed to higher flying hours recorded within both domestic and international operations, coupled with growth in revenue noted across all the businesses within the segment.

The segment net profit, reached QR 221 million, representing an increase of 91% compared to last year¹. The increase in the bottom-line profitability was mainly supported by increase in topline for the segment.

¹ 2020 segment profits have been reported before impact of income taxes and one-off non-cash capital gain of QR 268 million recognized during Q2-20.

03 INSURANCE

Strategy

Key strategies for the insurance segment mainly revolves around both the medical and energy line of business via building upon premiums by reaching out to newer clients, locally and internationally including SMEs, within or outside oil & gas sector, benefiting from national projects, such as the North Field expansion and potential implementation of new regulations linked to insurance sector.

The growth will also be supported by pricing management with consideration of increased risk retention, wherever economically viable, and renewal of contracts with existing clients. Other key strategies include improved effective implementation of claims management policies & procedures; and diversification of the investment portfolio; coupled with strategic re-allocation of investable assets to support overall profitability within the segment and to ensure strong liquidity position.

Macroeconomic updates

During the year, Qatari insurance sector made a steady rebound on the back of constructive macroeconomic drives as the economic effects of COVID-19 diminishes, with a successful vaccination campaign. On overall basis the economy returned to positive trajectory, as demand strengthen. Going forward, investments in the energy sector would also provide support to the insurance sector.

BOARD OF DIRECTORS' SEGMENTS REVIEW

Key achievement

The segment recorded several notable achievements during the year, including growth in both general and medical line of businesses including SME clients. Investment portfolio's performance also reported positive returns. During the year, Al-Koot achieved a solvency ratio of 234%, which aided the Company to maintain its credit rating of A-(S&P) with a stable outlook.

Market expansion updates

During the year 2021, general insurance segment performed well, where, major clients were successfully retained and renewed with enhanced coverage and prices. Moreover, the segment further expanded its international footprints by winning new energy contracts in Africa, Middle East and other Asian countries.

The medical business on the other hand witnessed a reduction in terms of premiums compared to last year mainly due to certain non-renewal, however, bottom-line profitability remained unaffected. On a positive side and despite lower medical premiums, new SME clients were added to the medical portfolio.

Al-Koot currently stands as the second largest in terms of gross written premiums within the insurance business in Qatar. Going forward, to further enhance market share, better services are planned to be rendered, while expansion to other product lines of business is explored.

Achieving cost efficiencies

Al-Koot focused on certain main objectives to achieve its optimal cost efficiency level during the year. Firstly, claim exposure was minimized due to reinsurance program, applicable for both medical and general line of businesses. Secondly, increased efforts were made on claims validation and audits which are performed to recover uncovered costs. Lastly, no major CAPEX were incurred, and stringent selection of suppliers and negotiations are being conducted in order to ensure same quality of services are being received at a lowest possible cost. During the year, the segment was able to contain its general and administrative expenses by 16% compared to last year.

Going forward, the company would continue identifying other expenses which could be optimized further without any impact on its business operations.

Financial performance

Revenue within the insurance segment for the year ended 31 December 2021, increased by 1%, compared to last year, to reach QR 988 million. Growth in premiums from general insurance line of business, were entirely offset against decline in premiums from medical line of business.

Segment's net profit for 2021, increased by 16% compared to last year, to reach QR 60 million. The strong growth in bottom line profitability was mainly supported by improved premiums, coupled with recovery within the investment portfolio on the back of recovery in capital markets. In terms of claims, there had been an increase compared to the previous year, which negatively affected the bottom line profitability.



04 CATERING

Strategy

Business strategy for catering segment has primarily been circled around enhancing client retention; improving the tender success ratio; and raising the market share of manpower and facility management services and maximizing occupancy level in the camps. Other key elements of the strategy include continuous cost optimization and diversification to non-oil & gas sectors like healthcare, transport sector while also to targeting SME clients.

Macroeconomic updates

During the year, stringent requirements carried forward from last year linked to catering and hospitality industry from COVID-19 perspective affected industry-wide margin evolution. These restrictions required additional expenses to be incurred on part of service provider to ensure safer delivery of services and created additional pressure on the entities operating within the industry. Businesses of Amwaj were also not immune to this additional layer of requirements, which affected the Company in various forms including among others; lowered number of meals served across majority of catering locations; higher degree of packing for delivering food; sanitization campaigns; higher number of bus trips required for staff transportation. Also, in general, procurement costs increased due to inflationary effects. Moreover, implementation of minimum wage directives issued by the State, directly affected cost structures and squeezed industry-wide profitability.

Key achievements

In 2021, business achieved its targets on mostly retaining existing clientele. Tender success ratio and customer satisfaction remained high compared to the targets set for the current year, in addition to exceeding the target percentage set for acquiring new non-oil and gas businesses. The Company received several appreciation and recognition certificates from many reputable clients due to an exceptional and high-quality service delivered.

Market expansion updates

2021 remained challenging in terms of business recovery from a pandemic year. Given the continued obstacles, Amwaj market expansion strategy had certain shortfalls. However, despite these challenges, Amwaj made continuous efforts to grow its client base, wherein new clients were added to the manpower supply segment and higher occupancy levels were achieved within the accommodation segment.

Achieving cost efficiencies

Since the start of pandemic, AMWAJ initiated an additional layer of efforts to further optimize its cost structures through various measures, including streamlining organization structures and optimizing payroll. Moreover, savings from purchase of commodities and consumables have been continuously explored. During the year, the segment was able to contain its direct costs by 6%, while general and administrative expenses were also curtailed by 6% compared to last year.

Financial performance

During the year, catering segment reported a revenue of QR 361 million, with a decline of 11% compared to last year. This was mainly as a result of lowered number of meals served across the majority of catering locations, due to COVID-19 restrictions, especially during first half of 2021. This was in addition to demobilization of some contracts within both manpower and catering contracts, which affected the overall growth of segmental revenue for 2021.

The segment reported a net loss of QR 15 million for the year ended 31 December 2021, compared to a net loss of QR 10 million for last year, mainly due to lowered margins and declining revenues.

GIS GROUP AT A GLANCE



Overview

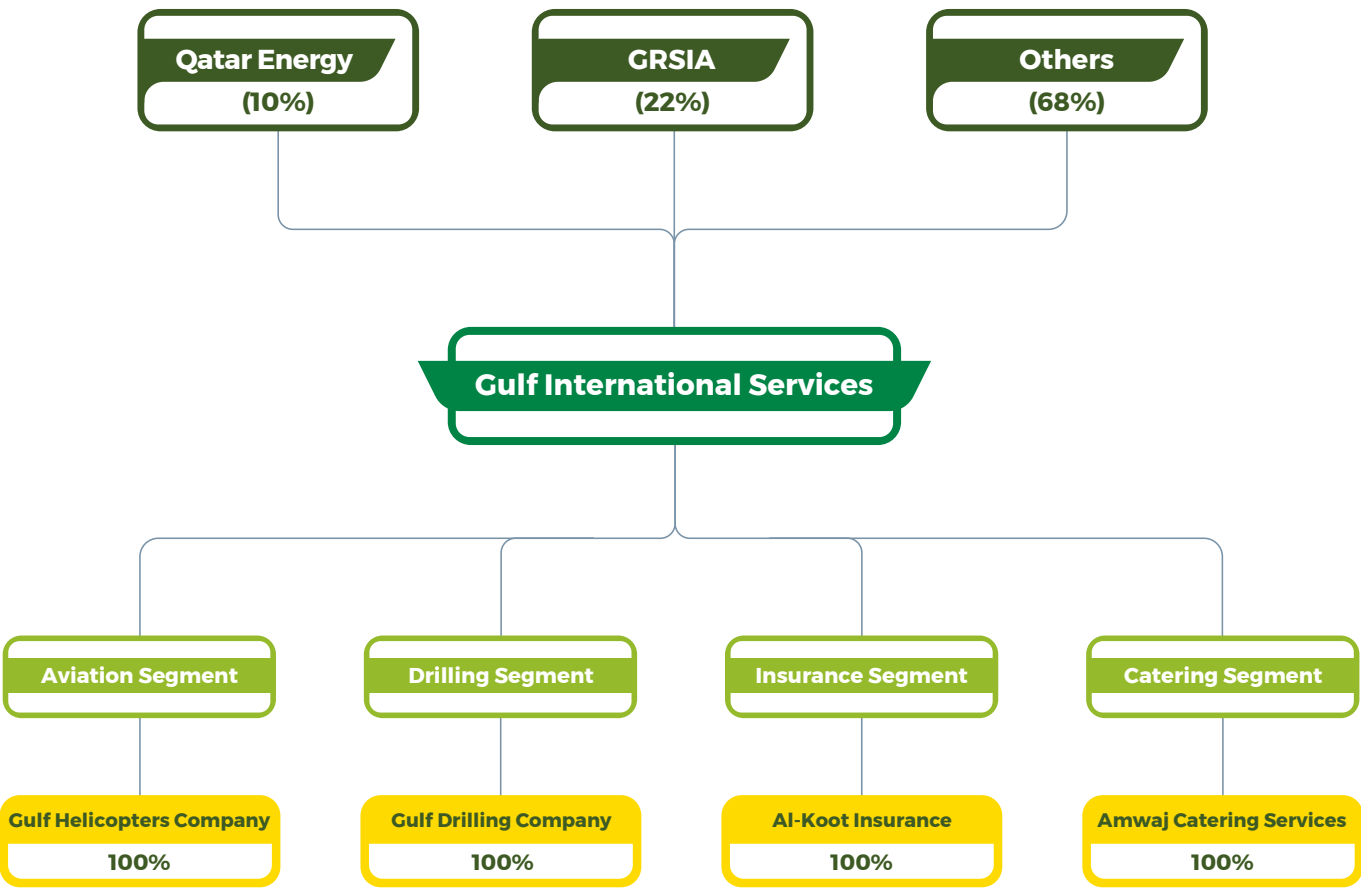
Gulf International Services, a Qatari public shareholding company listed on the Qatar Stock Exchange, was established on February 12, 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. Subsequently, the Company settled its status and brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, and in line with the specific nature of its incorporation.

Through its Group companies, GIS operates in four distinct segments: insurance and reinsurance, drilling and associated services, helicopter transportation services and catering services.

Head Office Functions and Management Structure

QatarEnergy provides all of the head office functions for GIS through a comprehensive services agreement. The operations of the subsidiaries remain independently managed by their respective Boards of Directors and senior management teams.

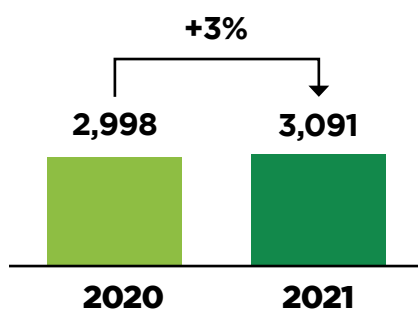
Ownership Structure



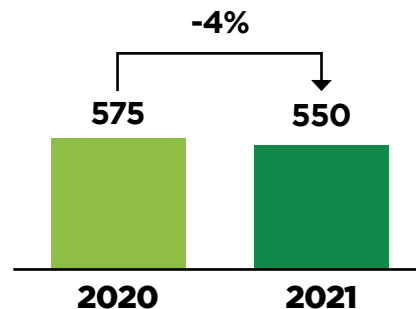
GIS GROUP AT A GLANCE

GIS 2021 Performance

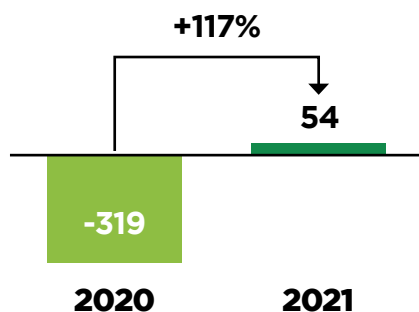
REVENUE
(QR 'MILLION)



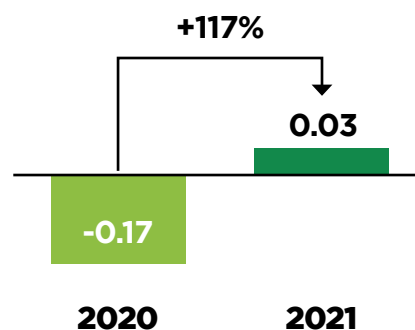
EBITDA
(QR 'MILLION)



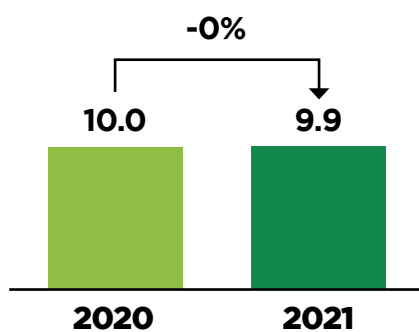
Net Profit
(QR 'MILLION)



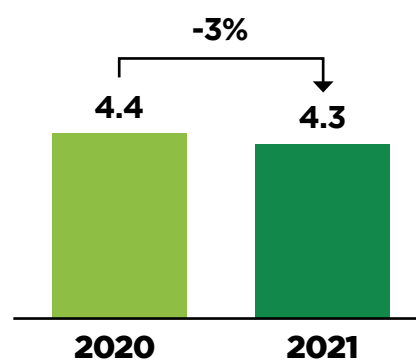
Earnings per share
(QR)



TOTAL ASSETS
(QR 'BILLION)



TOTAL DEBT
(QR 'BILLION)





GIS BUSINESS SEGMENTS AT A GLANCE



GIS operates in four business segments: Drilling, Insurance, Aviation and Catering

01 DRILLING

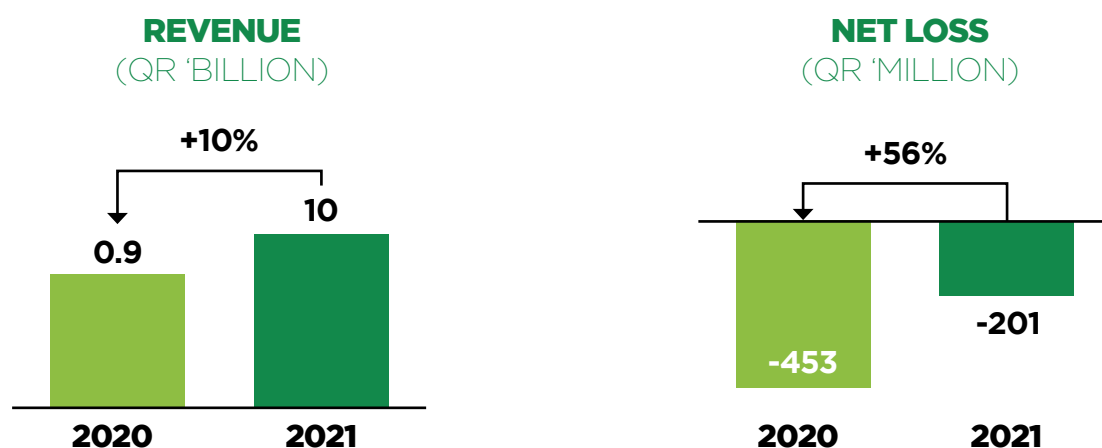
Gulf Drilling International (“GDI”)

GDI was incorporated in 2004 as a joint venture between QatarEnergy (60%) and Japan Drilling Company (40%). Subsequent to exercising a share option provision within the joint venture agreement, QatarEnergy increased its stake to 69.99% and then transferred this shareholding to GIS. With effect from May 1, 2014, GIS exercised an option in the joint venture agreement and acquired the remaining 30% of GDI, resulting in GDI becoming a wholly-owned subsidiary of GIS.

GDI currently has direct ownership of 15 drilling rigs (7 offshore rigs and 8 onshore rigs), which are used to drill wells suitable for oil and natural gas extraction, 1 jack-up accommodation barge and 2 lift boats.

GDI in joint venture with Sea Drill Limited, has formed “GulfDrill LLC” with a 50% stake, with an objective to support the execution of the drilling contract which have been awarded to GDI in relation to North Field Expansion project. The contract cover provision of five premium jack-up rigs, where the operations for all the rigs had already started in different phases in 2020 and 2021. As part of the agreement, the joint venture will source the rigs from Sea Drill and an unrelated third-party shipyard, on chartering basis (operating lease), where the JV will pay the supplier of rigs based on an agreed day rate. GDI has no required capital contribution to the joint venture and has been subcontracted by the joint venture to mobilize and manage the rigs to meet the requirements of the drilling contract.

Drilling segment financial performance for 2021



Note: Segment losses have been reported before impact of income taxes

GIS BUSINESS SEGMENTS AT A GLANCE

02 AVIATION

Gulf Helicopters Company (“GHC”)

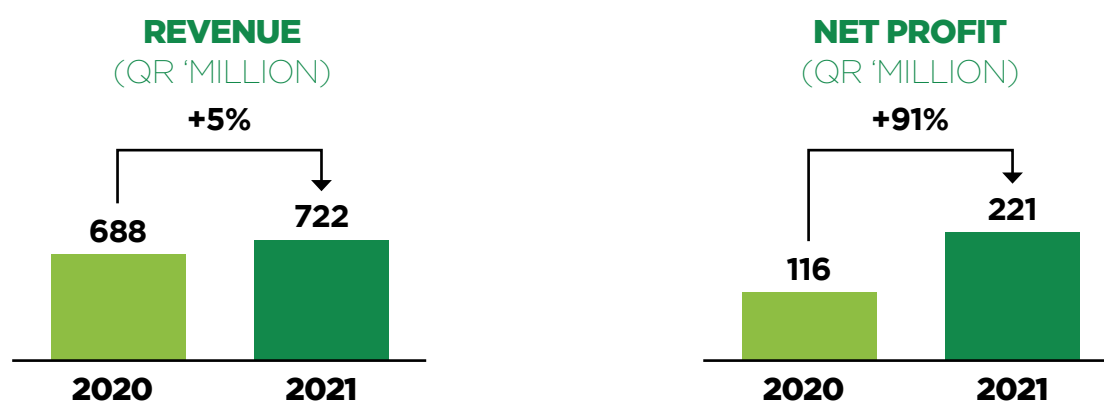
Originally incorporated in 1970 under the name of Gulf Helicopters Limited as a subsidiary of British Overseas Airways Corporation, the company was subsequently acquired by Gulf Air, and then sold to QatarEnergy in 1998. QatarEnergy transferred its 100% shareholding to GIS in 2008. GHC provides helicopter transportation services in Qatar, Gulf Region, Africa, Europe, India and Turkey.

GHC is one of the leading commercial aviation service provider, with global footprints extending to Europe, Africa, Middle East and South Asia with a fleet of 59 aircrafts. GHC's core operational activities consist of a variety of helicopter transportation services, including offshore / onshore transporting, long and short-line load lifting, seismic support, VIP executive transport, and ad-hoc short-term contracts, simulator training and component maintenance.

GHC holds direct / indirect ownership in the following companies in various international locations:

Name of Company	Relationship	Country of Incorporation	Percentage of Holding	
			2021	2020
Air Ocean Maroc	Joint venture	Morocco	49%	49%
Gulf Med Aviation Services Limited	Joint venture	Malta	49%	49%
United Helicharters Private Limited	Subsidiary	India	90%	90%
Al Maha Aviation Company	Subsidiary	Libya	100%	100%
Redstar Havacilik Hizmetleri A.S.	Subsidiary	Turkey	100%	100%
Gulf Helicopters Investment & Leasing Company	Subsidiary	Morocco	100%	100%

Aviation segment financial performance for 2021



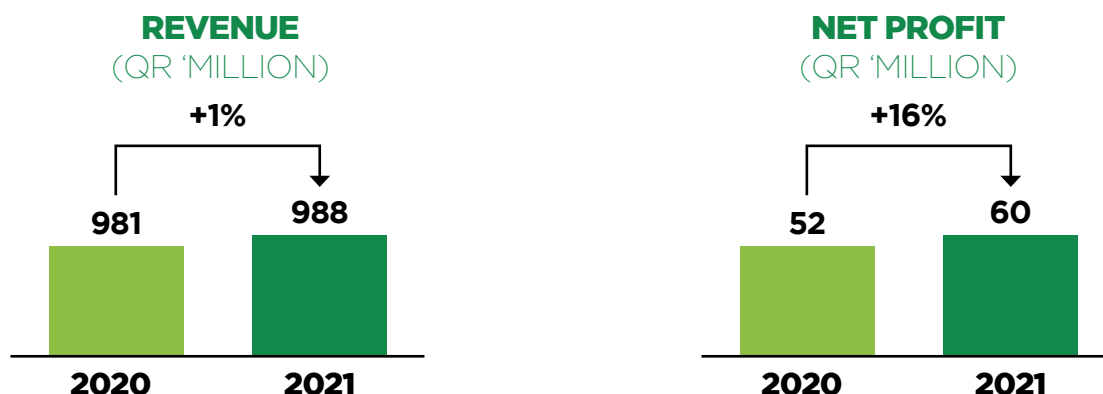
Note: 2020 segment profits have been reported before impact of income taxes and one-off non-cash capital gain of QR 268 million recognized during Q2-20

03 INSURANCE

Al Koot Insurance and Reinsurance Company

Incorporated in 2003, it is currently a wholly-owned subsidiary of GIS. All of the Company's services are principally provided within the construction, operations, marine, and medical insurance and reinsurance fields.

Insurance segment financial performance for 2021



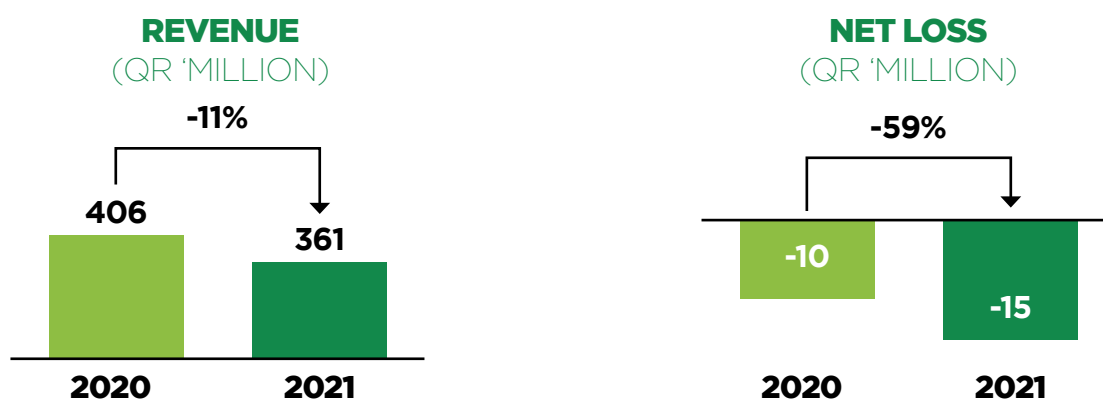
Note: Segment profits have been reported before impact of income taxes

04 CATERING

AMWAJ Catering Services Company Limited

Incorporated in 2006 as a wholly-owned subsidiary of QatarEnergy, and was subsequently acquired by GIS on June 1, 2012. In addition to its original objective of providing high quality catering services, AMWAJ has diversified to encompass cleaning, pest control, manpower supply, facilities management, camp management, retail and VIP catering. With soft facility management services, which include commercial cleaning services that cover both internal and external areas, the company offers comprehensive and efficient services that include cleaning & janitorial and laundry services for clients. AMWAJ Catering Services also offers distinguished and high quality Corporate Hospitality and VIP dining services for small exclusive gatherings or large high profile celebrations, also catering for Wedding Banquets etc.

Catering segment financial performance for 2021



Note: Segment losses have been reported before impact of income taxes

INDEPENDENT AUDITORS' REPORT

To the shareholders of Gulf International Services Q.P.S.C.

Opinion

We have audited the consolidated financial statements of Gulf International Services Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 8 to 70.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of property and equipment

See Note 6 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> ◆ The Group's insurance contract liabilities represent 18% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and unearned premiums. ◆ The valuation of these insurance contract liabilities involves significant judgements regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported ("IBNR") and unearned premium reserves ("UPR" involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter. 	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> ◆ Understanding the Group's process of identifying indicators of impairment in drilling rig related assets and aircraft; ◆ Assessing the competence and capabilities of the staff in the Group who performed the technical assessment of recoverable amounts; ◆ Involving our own valuation specialists to support us in challenging the recoverable amounts derived by the Group, in particular: <ul style="list-style-type: none"> - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in the impairment model including utilization of rig related assets and aircraft, growth rates, operating profit margins, discount rate, etc. ◆ Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

INDEPENDENT AUDITORS' REPORT

Valuation of insurance contract liabilities

See Note 13 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> ◆ The Group's insurance contract liabilities represent 18% of its total liabilities relating to claims reported unsettled, claims incurred but not reported and unearned premiums. ◆ The valuation of these insurance contract liabilities involves significant judgements regarding uncertainty in the estimation of future benefits payments and assessment of frequency and severity of claims. Estimating the reserves for claims incurred but not reported ('IBNR') and unearned premium reserves ('UPR') involves undertaking significant judgements and assumptions along with the use of actuarial projections and techniques hence, we considered this to be a key audit matter. 	<p>Our audit procedures in this area included the following, among others:</p> <ul style="list-style-type: none"> ◆ Testing the design and operating effectiveness of the key controls around reserving process, reported claims, unreported claims and unearned premiums; ◆ Testing a sample of outstanding claims and related reinsurance recoveries, focusing on those with most significant impact on the consolidated financial statements, to assess whether claims and related recoveries are appropriately estimated; ◆ Assessing the competence and capabilities of the management's expert appointed by the Group; ◆ Engaging our own actuarial specialist to evaluate appropriateness of the methodology and the actuarial estimates of the management's expert, in particular: <ul style="list-style-type: none"> - Assessing and challenging the key reserving assumptions including loss ratios, frequency and severity of claims, and reasonableness of estimates made by the Group; and - Evaluating whether reserving was consistent in approach, with sufficient justification for changes in assumptions. ◆ Evaluating the historical accuracy of the development of outstanding claims and IBNR by performing a review of retrospective historical performance of the estimates and judgements made by the Group; and ◆ Evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions and judgements.

Impairment of goodwill

See Note 7 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because:</p> <ul style="list-style-type: none"> ◆ The Group has recognized goodwill in the amount of QR 303 million and represents 3% of the Group's total assets. ◆ The goodwill arose as a result of acquisition of a subsidiary which is a separate cash-generating unit (CGU) of the Group. ◆ The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGU, which is based on the higher of the value-in-use or fair value less costs to sell, has been derived from discounted forecast cash flow model. This model uses several key assumptions, including estimates of projected cash flows, terminal value growth rates, margins, growth rates and the weighted-average cost of capital (discount rate). 	<p>Our audit procedures in this area included the following, among others:</p> <ul style="list-style-type: none"> ◆ Assessing the competence and capabilities of the staff within the Group who performed the impairment testing; ◆ Involving our own valuation specialists to support us in challenging the recoverable amount derived by the Group, in particular: <ul style="list-style-type: none"> - Assessing the appropriateness of the methodology used by the Group to assess impairment; and - Assessing the appropriateness of the key assumptions used in impairment model including projected cash flows, terminal value growth rate, margins, growth rates and the weighted-average cost of capital (discount rate) etc. which included comparing these inputs with externally derived data as well as our knowledge of the client and the industry; ◆ Evaluating the adequacy of the consolidated financial statement disclosures including the disclosures of key assumptions and judgments.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ❖ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ❖ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- ❖ Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ❖ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- ii) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- iii) We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company.
- iv) Furthermore, the physical count of the Group's inventories was carried out in accordance with established principles.
- v) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2021.

17 February 2022
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
Licensed by QFMA: External
Auditors' License No. 120153

INDEPENDENT AUDITORS' REPORT

INDEPENDENT REASONABLE ASSURANCE REPORT

To the shareholders of Gulf International Services Q.P.S.C.

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Gulf International Services Q.P.S.C. ("the Company") to carry out a reasonable assurance engagement over Board of Directors' description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of the Company's internal controls over financial reporting (the 'ICOFR') as at 31 December 2021 (the "Directors' ICOFR report" presented in section 4 of the Company's 2021 corporate governance report).

Responsibilities of the Board of Directors

The Board of Directors is responsible for fairly stating that the Directors' ICOFR report is free from material misstatement and for the information contained therein:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of compliance, general ledger and financial reporting, investment management, treasury management and Information Technology General Controls (as applicable);
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
- planning and performance of the management's testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO" or "COSO Framework").

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Directors' ICOFR report that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Company's ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Directors' ICOFR report are properly trained, systems are properly updated and that any changes in reporting encompass all significant processes of the Company.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Directors' ICOFR report prepared by the Company and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board, which requires that we plan and perform our procedures to obtain reasonable assurance about whether the Directors' ICOFR report is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Directors' ICOFR report whether due to fraud or error.

Our engagement included assessing the appropriateness of the Company's ICOFR, and the suitability of the control objectives set out by the Company in preparing and presenting the Directors' ICOFR report in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Directors' ICOFR report, and whether the internal controls over financial reporting are suitably designed and implemented and are operating effectively as of 31 December 2021 based on the COSO Framework.

The procedures performed over the Directors' ICOFR report include, but are not limited to, the following:

- ◆ Conducted inquiries with management of the Company to gain an understanding of the risk assessment and scoping exercise conducted by management;
- ◆ Examined the in-scope areas using materiality at the Company's separate financial statement level;
- ◆ Assessed the adequacy of the following:
 - Process level control documentation and related risks and controls as summarized in the Risk & Control Matrix ("RCM");
 - Entity level controls documentation and related risks and controls as summarized in the RCM;
 - Information Technology risks and controls as summarized in the RCM;
- ◆ Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;
- ◆ Examined the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
- ◆ Assessed the significance of any internal control weaknesses identified by management;

INDEPENDENT AUDITORS' REPORT

- ♦ Assessed the significance of any additional gaps identified through the procedures performed.
- ♦ Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;
- ♦ Examined the management's testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
- ♦ Re-performed tests on key controls to gain comfort on the management testing of operating effectiveness.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Directors' ICOFR report nor of the underlying records or other sources from which the Directors' ICOFR report was extracted.

Other information

The other information comprises the information to be included in the Company's annual report. We have not obtained the other information to be included in the annual report except for the report of the Board of Directors, which is expected to be made available to us after the date of this report. The Director' ICOFR report and our reasonable assurance report thereon will be included in the annual report. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Directors' ICOFR report

The Company's internal controls over financial reporting, because of their nature, may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Historic evaluation of design, implementation and operating effectiveness of an internal control system may not be relevant to future periods if there is a change in conditions or that the degree of compliance with policies and procedures may deteriorate.

The Directors' ICOFR report is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Company, based on the criteria established in the COSO Framework.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, based on the results of our reasonable assurance procedures, the Directors' report fairly presents that the Company's ICOFR were properly designed and implemented and are operating effectively in accordance with the COSO framework as at 31 December 2021.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

17 February 2022
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
Licensed by QFMA: External
Auditors' License No. 120153

INDEPENDENT AUDITORS' REPORT

INDEPENDENT LIMITED ASSURANCE REPORT

To the shareholders of the Gulf International Services Q.P.S.C.

Report on Compliance with the Qatar Financial Markets Authority's law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies & Legal Entities Listed on the Main Market

In accordance with Article 24 of the Governance Code for Companies Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Gulf International Services Q.P.S.C. ("the Company") to carry out a limited assurance engagement over Board of Directors' assessment whether the Company has a process in place to comply with QFMA's law and regulations and other relevant legislation and it is in compliance with the Code as at 31 December 2021.

Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for preparing the corporate governance report that covers at the minimum the requirements of Article 4 of the Code. The Board of Directors provided its 'Report on compliance with QFMA's law and regulations and other relevant regulations including Code' (the 'Statement'), which is shared with KPMG on 18 January 2022, which is to be included as part of the annual corporate governance report.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Company and to issue a report thereon including an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, in accordance with the Code, as the basis for our limited assurance conclusion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Company's compliance with the Code and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Company's compliance with QFMA's law and regulations and other relevant legislation, the Company's compliance with the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design assurance procedures that are appropriate in the circumstances.

Our engagement included assessing the appropriateness of the Company's process for compliance with QFMA's law and regulations and other relevant legislation and the Company's compliance with the Code, and evaluating the appropriateness of the methods, policies and procedures, and models used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by the Board of Directors to comply with the requirements of the Code.

The procedures performed over the Statement include, but are not limited to:

- ◆ Examining the assessment completed by the Board of Directors to validate whether the Company has process in place to comply with QFMA's law and regulations and other relevant legislation including Code;
- ◆ Examining supporting evidence provided by the Board of Directors to validate the Company's compliance with the Code; and
- ◆ Conducting additional procedures as deemed necessary to validate the Company's compliance with the Code (e.g. review governance policies, procedures and practices, etc.).

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

INDEPENDENT AUDITORS' REPORT

Other information

The other information comprises the information to be included the Company's annual corporate governance report which are expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement is the assessment of process for compliance with QFMA's law and regulations and other relevant legislation and compliance with the provisions of the Code.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Board of Directors' Statement does not present fairly, in all material respects, that the Company has a process in place to comply with QFMA's law and regulations and other relevant legislation and the Company is in compliance with the provisions of the Code as at 31 December 2021.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

17 February 2022
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
Licensed by QFMA: External
Auditors' License No. 120153

The background of the page is a photograph of an offshore oil platform. The platform is a complex structure of steel beams, pipes, and walkways, situated in the middle of the ocean. A large crane is visible on the left side of the platform. In the distance, another smaller vessel or platform can be seen on the horizon. Overlaid on the top half of the image is a white geometric pattern consisting of several interconnected triangles and lines, creating a stylized, abstract design.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	2021 QR '000s	2020 QR '000s
ASSETS		
Non-current assets		
Property and equipment	5,591,281	5,828,631
Goodwill	303,559	303,559
Right-of-use assets	36,292	45,352
Contract assets	9,464	14,959
Equity-accounted investees	12,078	14,593
Financial investments	418,658	369,496
Total non-current assets	6,371,332	6,576,590
Current assets		
Inventories	284,088	238,301
Contract assets	6,514	410
Due from related parties	686,354	658,091
Financial investments	420,689	365,457
Trade and other receivables	694,994	620,926
Reinsurance contract assets	757,382	806,130
Short term investments	348,632	229,034
Cash and bank balances	349,407	461,538
Total current assets	3,548,060	3,379,887
Total assets	9,919,392	9,956,477
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,858,409	1,858,409
Legal reserve	377,308	371,389
General reserve	74,516	74,516
Foreign currency translation reserve	(55,836)	(25,712)
Fair value reserve	3,786	22,475
Retained earnings	998,204	951,292
Equity attributable to equity holders of the Company	3,256,387	3,252,369
Non-controlling interests	(198)	(52)
Total equity	3,256,189	3,252,317
LIABILITIES		
Non-current liabilities		
Lease liabilities	15,947	25,682
Loans and borrowings	3,692,705	3,702,262
Contract liabilities	1,820	306
Provision for decommissioning costs	45,669	41,598
Provision for employees' end of service benefits	101,259	91,388
Total non-current liabilities	3,857,400	3,861,236
Current liabilities		
Bank overdraft	-	14
Lease liabilities	28,868	28,238
Dividends payable	50,429	75,238
Loans and borrowings	632,704	743,127
Trade and other payables	831,273	713,432
Due to related parties	44,507	45,264
Insurance contract liabilities	1,214,575	1,228,652
Contract liabilities	3,447	8,959
Total current liabilities	2,805,803	2,842,924
Total liabilities	6,663,203	6,704,160
Total equity and liabilities	9,919,392	9,956,477

These consolidated financial statements were approved by the Board of Directors of the Company and signed on its behalf by the following on 18 February 2021:

Khalid Bin Khalifa Al-Thani
Chairman

Saad Rashid Al-Muhannadi
Board member

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2021

	2021 QR '000s	2020 QR '000s
Revenue	3,091,050	2,998,325
Direct costs	(2,744,556)	(2,666,097)
Gross profit	346,494	332,228
Other income	60,258	43,783
Other expenses	(24,781)	(342,561)
General and administrative expenses	(198,829)	(212,853)
Provision for impairment of financial assets, net	(24,556)	(5,901)
Operating profit / (loss)	158,586	(185,304)
Finance income	32,717	30,198
Finance costs	(129,067)	(162,388)
Net finance costs	(96,350)	(132,190)
Group's share of (loss) / profit in equity-accounted investees, net of tax	(2,515)	9,356
Profit / (loss) before tax	59,721	(308,138)
Income tax expense	(5,686)	(10,623)
Profit / (loss) for the year	54,035	(318,761)
Other comprehensive loss		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Debt investments at Fair Value Through Other		
Comprehensive Income (FVOCI) – net change in fair value	(18,689)	13,745
Foreign operations – foreign currency translation differences	(30,123)	(14,137)
Other comprehensive loss for the year	(48,812)	(392)
Total comprehensive income / (loss) for the year	5,223	(319,153)
<i>Profit / (loss) attributable to:</i>	54,182	(318,525)
Owners of the Company	(147)	(236)
Non-controlling interests	54,035	(318,761)
<i>Total comprehensive income / (loss) attributable to:</i>	5,369	(318,914)
Owners of the Company	(146)	(239)
Non-controlling interests	5,223	(319,153)
Earnings / (loss) per share		
Basic and diluted earnings / (loss) per share (Qatari Riyal)	0.029	(0.171)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2021

	Share capital	Legal reserve	General reserve
	QR '000s	QR '000s	QR '000s
Balance at 1 January 2020	1,858,409	366,295	74,516
Other adjustments	-	-	-
Acquisition of a subsidiary with non-controlling interests	-	-	-
Total comprehensive income:			
Loss for the year	-	-	-
Other comprehensive income / (loss)	-	-	-
Total comprehensive income / (loss) for the year	-	-	-
Transfer to legal reserve	-	5,094	-
Fair value reserve transferred to retained earnings	-	-	-
Balance at 31 December 2020	1,858,409	371,389	74,516
Balance at 1 January 2021	1,858,409	371,389	74,516
Total comprehensive income:			
Profit / (loss) for the year	-	-	-
Other comprehensive (loss) / income	-	-	-
Total comprehensive income / (loss) for the year	-	-	-
Social fund contribution	-	-	-
Transfer to legal reserve	-	5,919	-
Balance at 31 December 2021	1,858,409	377,308	74,516

Attributable to owners of the Company

Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non- controlling interests	Total equity
QR '000s	QR '000s	QR '000s	QR '000s	QR '000s	QR '000s
(11,578)	(1,095)	1,294,376	3,580,923	-	3,580,923
-	-	(9,640)	(9,640)	-	(9,640)
-	-	-	-	187	187
-	-	(318,525)	(318,525)	(236)	(318,761)
(14,134)	13,745	-	(389)	(3)	(392)
(14,134)	13,745	(318,525)	(318,914)	(239)	(319,153)
-	-	(5,094)	-	-	-
-	9,825	(9,825)	-	-	-
(25,712)	22,475	951,292	3,252,369	(52)	3,252,317
(25,712)	22,475	951,292	3,252,369	(52)	3,252,317
-	-	54,182	54,182	(147)	54,035
(30,124)	(18,689)	-	(48,813)	1	(48,812)
(30,124)	(18,689)	54,182	5,369	(146)	5,223
-	-	(1,351)	(1,351)	-	(1,351)
-	-	(5,919)	-	-	-
(55,836)	3,786	998,204	3,256,387	(198)	3,256,189

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2021

	2021 QR '000s	2020 QR '000s
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the year	54,035	(318,761)
Adjustments for:		
Depreciation of property and equipment	349,615	412,237
Depreciation of right-of-use assets	21,676	23,307
Impairment loss on property and equipment	-	308,262
Provision for employees' end of service benefits	24,011	20,017
Gain on sale of property and equipment	(4,380)	(75)
Write-off of property and equipment	2,773	-
Net change in fair value of financial investments at FVTPL	(17,890)	4,315
Net gain from sale of financial investments	(15,085)	(12,327)
Provision for slow-moving and obsolete inventories, net of reversals	705	4,408
Provision for impairment of financial assets	24,556	5,901
Profit distribution from managed investment funds	(3,888)	(3,822)
Share of profit of equity-accounted investees	2,515	(9,356)
Impairment of goodwill	-	7,328
Finance income	(32,717)	(30,198)
Finance costs	129,067	162,388
Dividend income	(3,326)	(4,361)
Gain on remeasurement of an equity-accounted investee	-	(1,157)
<i>Operating profit before working capital changes</i>	531,667	568,106
<i>Changes in:</i>		
- Inventories	(46,492)	(27,218)
- Contract assets	(609)	1,541
- Trade and insurance receivables, prepayments and due from related parties	(68,690)	112,930
- Contract liabilities	(3,998)	(12,743)
- Trade and insurance payables, accruals and due to related parties	100,679	(205,050)
Cash generated from operations	512,557	437,566
Employees' end of service benefits paid	(14,140)	(19,966)
Net cash generated from operating activities	498,417	417,600

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2021

	2021 QR '000s	2020 QR '000s
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(177,764)	(149,226)
Acquisition of financial investments	(334,586)	(528,454)
Net movement in short-term investments	(119,598)	253,604
Finance income received	32,717	30,198
Proceeds from sale and maturity of financial investments	245,959	434,153
Proceeds from sale of property and equipment	20,478	75
Net movement in cash at banks – restricted for dividends	24,809	3,250
Profit distribution from managed investment funds	3,888	3,822
Cash received from acquisition of a subsidiary	-	1,395
Dividends received	3,326	4,361
Investment in equity-accounted investee	-	(2)
Net cash (used in) / generated from investing activities	(300,771)	53,176
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(20,223)	(22,750)
Proceeds from loans and borrowings	286,309	496,860
Repayment of loans and borrowings	(411,140)	(744,815)
Dividends paid	(24,809)	(3,250)
Finance costs paid	(126,604)	(158,652)
Net cash used in financing activities	(296,467)	(432,607)
Net change in cash and cash equivalents	(98,821)	38,169
Effect of movements in exchange rates on cash held	11,521	1,301
Cash and cash equivalents at 1 January	386,287	346,817
Cash and cash equivalents at 31 December	298,987	386,287

Notes to the consolidated financial statements are an integral part of the consolidated financial statements. For more information, please visit GIS' website: www.gis.com.qa

2021 CORPORATE GOVERNANCE REPORT

1 Introduction

Gulf International Services (hereinafter referred to as “GIS” or “the Company”), a Qatari public shareholding company listed on Qatar Stock Exchange, was established on 12th of February 2008 in accordance with the provisions of its Articles of Association and Law no. 5 of 2002, promulgating the Commercial Companies Law, especially Article 68 thereof. GIS then brought its Articles of Association into conformity with the provisions of Law no. 11 of 2015, promulgating the Commercial Companies Law, having regard to the peculiar nature of its incorporation.

QatarEnergy, the founder, Special Shareholder and 10% shareholder, provides GIS with all the required financial and head office services under a service-level agreement. GIS therefore applies some of QatarEnergy’s established rules and procedures. As part of its Board of Directors’ efforts aimed at complying with the principles of corporate governance and applying industry-standard best practices, GIS management made an agreement with a consultant to develop a Corporate Governance Framework, which was approved by the Board of Directors at its first meeting of 2013 held on 25th of February 2013.

2 Scope of implementation of the governance and compliance with its principles

Out of a firm belief in the importance and necessity of entrenching the principles of good governance to ensure and enhance value creation to shareholders, GIS Board of Directors is firmly committed to implementing governance principals set forth in the Governance Code for Companies and Legal Entities

Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA) pursuant to QFMA Board decision no. 5 of 2016, and in line with the provisions of the Company's AoA.

In doing so, the Board defined the roles and responsibilities of the Board of Directors, Senior Executive Management and employees of the Company. It promotes the principals of justice and equality among stakeholders without discrimination and enables them to exercise and enjoy their rights, upholding values of protecting the minority. The Board maintains productive control and risk management, enhances transparency and disclosure and provides information to the stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly.

Moreover, the Board of Directors upholds the values of corporate social responsibility, puts the interest of the Company and its stakeholders ahead of any other interest, carries out its roles and responsibilities in good faith, integrity, honor and sincerity and takes the responsibility arising therefrom to the stakeholders and community.

The Board of Directors always ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance applications, as and when required. In addition, the Board of Directors endeavors to maintain a Code of Conduct that reflects the values held by the Company and ensures the establishment of the principals of transparency upholding the values of self-censorship and integrity and acknowledging responsibility.

Taking into account the provisions of Article no. 2 of QFMA Governance Code, the Company strictly observes the provisions of QFMA Governance Code and endeavors to maintain its official documents in conformity with such Code to ensure full and proper application of the provisions thereof.

3 Board of Directors

3-1 Board Structure

GIS was established by QatarEnergy, a Qatari state-owned public corporation established by Decree Law no. 10 of 1974, as a parent company

of a group of companies with interests in a broad cross-section of industries, ranging from insurance and re-insurance, onshore and offshore drilling, accommodation barge, helicopter transportation and catering services. GIS went public by QatarEnergy in 2008 to serve as a mechanism for the distribution of wealth to Qatari nationals. This was primarily achieved via the discounted IPO price. All shareholders receive generous dividends in proportion to their shareholdings.

Recognizing the peculiar nature of GIS' activities and the Company's strategic position, especially in drilling and aviation segments, and taking into account the public interest, the Board, in accordance with the Company's Articles of Association, consists of seven (7) Directors, three (3) of whom are appointed by the Special Shareholder (QatarEnergy). Four (4) Directors are elected as per their eligibility in the satisfaction of Article (23) ("Eligibility of Directors") by secret ballot of the General Assembly. The Special Shareholder shall not participate in the voting process. As the Special Shareholder, QatarEnergy may appoint three (3) Directors for the following reasons that show how closely the Company's financial and operational performance is connected to QatarEnergy, making it vital to maintain aligned strategy and vision:

- QatarEnergy is the founder, Special Shareholder and 10% shareholder.
- The strategic activities of the Company, particularly in the aviation and drilling segments.
- QatarEnergy provides technical and technological support to group companies.
- QatarEnergy provides all financial and head office services to the Company under a service-level agreement. These services are provided as and when requested to ensure that the operations of the Company are fully supported.

Except for those matters that are decided by shareholders as provided in the Company's Articles of Association, the Board of Directors has the widest powers 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.

2021 CORPORATE GOVERNANCE REPORT

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). Pursuant to the resolution of the Company's General Assembly held on 10th of March 2021 on the elected Directors and QatarEnergy's resolution no. 10 of 2021 passed on 17th of March 2021 on the appointment of its representatives, GIS Board of Directors was reconstituted in accordance with Article no. 22 of the Company's Articles of Association (contrary to some provisions of Article no. 6 of QFMA Governance Code). Accordingly, three (3) Directors were appointed by QatarEnergy and four (4) Directors were elected for the membership of the Board of Directors with effect from 11th of March 2021.

In accordance with the Company's amended Articles of Association:

1. Four (4) Directors shall be elected in satisfaction of Article (23) ("Eligibility of Directors"), which provides that the elected Director of the Board shall own a number of shares that are not less than one million shares of the Company's capital to guarantee the rights of Company, shareholders, creditors and third parties from any responsibility that falls on the Board of Directors, and these shares should be deposited within one week from the commencement of membership date and shall not be negotiated or mortgaged or blocked until the period of membership is expired, and the balance sheet of the last fiscal year in which the director conducted his work shall be approved. If the director fails to submit the guarantee, as mentioned above, his membership will be invalid.
2. Directors shall be elected by secret. The Special Shareholder shall not participate in the voting process. Voting should take place in accordance with the applicable rules and regulations.
3. Each shareholder, without exception, that satisfies the eligibility criteria set forth in Article 23 ("Eligibility of Directors") may nominate only one representative regardless of the percentage of his shares. For the purposes of this Article, a legal person, its subsidiaries and companies and/or individuals under its control, shall be deemed one person.
4. With exception of the Directors elected by the Special Shareholder, no person, either in person or as a proxy, can be a member of the Board of Directors unless by holding that post he becomes:
 1. A director in the Boards of two companies undertaking business activities similar to the Company or its Affiliates; or
 2. A director in the Board of Directors of more than three Qatari shareholding companies.
 3. The chairman or deputy chairman in more than two Qatari companies.

The membership becomes invalid if the above is violated and everything received from the Company must be returned to the Company.

Subsequently, the Company convened an Extraordinary General Assembly meeting on 2nd of May 2018 to amend its Articles of Association by adding a definition of the Independent Director and identification mechanism so that Independent Directors could be appointed. Based on this amendment, in identifying whether a person is suitable to be appointed as Independent Director, the regulations and requirements of Qatar Stock Exchange shall be considered. This Independent Director must not be under the influence of any factor that may limit his/her capacity to consider, discuss and decide on the Company's matters in an unbiased and objective manner.

In accordance with the composition of the Board and its roles and responsibilities provided for in Board Charter, Manual of Authority and Company's Articles of Association, no one or more of Directors may have control over passing resolutions. Resolutions of the Board shall be passed by a simple majority of those Directors present and the Chairman of the Board, and entitled to vote at the relevant meeting of the Board, each Director present having one vote.

QatarEnergy appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. In addition, QatarEnergy ensures that all of its representatives in group companies attend appropriate training and awareness programs so that subsidiaries' boards of directors can achieve the highest levels of performance and adopt the best governance practices.

QatarEnergy makes timely disclosure of any and all resolutions concerning the composition of the Board of Directors or any change thereto (Directors' bios are included in the appendix to this report).

During 2021, the Company opened nominations for the membership of its Board of Directors for shareholders (individuals and companies) for four seats for a term of three (3) years (2021-2024). The following members, who had met the eligibility requirements, were appointed by acclamation during the meeting of the Ordinary General Assembly held on 10th of March 2021 for the four seats on the Company's Board of Directors for the aforementioned term of office:

1. Mr. Ali Jaber Hamad Al-Marri, representative of the General Retirement & Social Insurance Authority (Non-Independent/Corporate).
2. Sheikh Jassim bin Abdullah Al-Thani, representative of Qatar Investment Authority (Independent/Corporate).
3. Mr. Saad Rashid Al-Muhannadi, representative of Woqod Vehicles Inspection "FAHES" (Non-Independent/Corporate).
4. Mr. Mohammed Nasser Al-Hajri, representative of Qatar Electricity & Water Company (Independent/Corporate).

On the other hand, in accordance with Articles (22) and (40) of GIS' Articles of Association, QatarEnergy, as the Special Shareholder, nominated its representatives as follows:

1. Sheikh Khalid bin Khalifa Al-Thani, Chairman.
2. Mr. Ghanim Mohammed Al-Kuwari, Member
3. Mr. Mohammed Ibrahim Al-Mohannadi, Member

The following should be noted:

- Independent Directors in the current composition were identified from among the elected Directors as defined in QFMA regulations in this regard.
- None of the Directors appointed by the Special Shareholder "Qatar Energy" is Independent, as they are representatives of a legal person that owns more than 5% of the Company's share capital.
- GIS Board of Directors does not include executive Directors, as QatarEnergy provides the Company with all the executive services under a service - level agreement.

3-3 Key roles and responsibilities of the Board

As one of the most important pillars upon which the implementation of the governance at Company level rests, the Board of Directors is accountable to shareholders for exercising due care and diligence in managing the Company in an effective manner, as well as establishing the principles of good governance at all levels to serve the interests of the Company, its shareholders and stakeholders for the greater good. Accordingly, the Board developed a Board Charter within the Corporate Governance Framework in accordance with the industry-standard best corporate governance practices. The roles and responsibilities of the Board and the duties which must be fully performed by Directors are specifically identified in the Charter, which is reviewed and amended following any relevant new changes made by regulators. In addition, the Governance Framework developed by the Board contains the job descriptions of all Board Directors according to their classification and the positions they may have in any Board Committee. The Framework also contains the job description of the Board Secretary.

In accordance with Board Charter, which is available on the Company's website, the Board, among other responsibilities, provides strategic guidance to GIS in line with the Company's vision and mission. This is achieved through 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, appoints the Company's Senior Executive Management and approves the succession planning concerning the management. It establishes mechanisms for dealing and cooperating with providers of financial services, financial analysis, credit rating and other service providers, supervises and ensures the appropriateness of internal control systems of the risk management, conducts periodic review of the Company's internal control procedures mainly by the Board Audit Committee and approves the training and education in the Company that includes programs introducing the Company, its activities and governance in accordance with the Governance Code for Companies and Legal Entities Listed on the Main Market issued by QFMA.

2021 CORPORATE GOVERNANCE REPORT

The Board of Directors oversees all aspects of GIS corporate governance, monitors its effectiveness and makes amendments as required. The Board also reviews the Company's policies and procedures to ensure compliance with the relevant laws, regulations and GIS Memorandum of Association and Articles of Association.

The Board may delegate some of its functions or authorities to Board Committees or Special Committees. Special Committees are constituted to undertake specific tasks under written and clear instructions. In accordance with the Company's Manual of Authority, the Board shall determine the authorities it may delegate to the executive management and the procedures for decision-making. The Board may also determine the matters that it retains the right to decide on. In all cases, the Board remains liable for all of its functions or authorities so delegated.

The Board carries out its functions and duties in accordance with the provisions of Article (9) of QFMA Governance Code, amongst which the Board shall not enter into loans that spans more than three years and shall not sell or mortgage real estate of the Company, or drop the Company's debts, unless it is authorized to do so by the Company's Articles of Association, which so authorize to the Company's Board of Directors. In addition, under GIS internal regulations, including Board Charter, the Board may not act or make transactions that do not comply with the relevant laws and regulations, and that such actions or transactions must be approved by the relevant authorities, including the Company's General Assembly.

In accordance with the Company's AoA, all Directors shall be jointly and individually 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 Board Directors all data and information in a timely manner. The Corporate Governance Framework includes the Chairman's job description (roles and responsibilities). As described in detail under the Governance Framework, these roles and responsibilities,

whether strategic, operational or administrative, are well aligned with the Chairman's main objective of providing the strategic guidance to GIS, protecting shareholders' rights and achieving the Company's vision and strategic objectives profitably and sustainably.

In accordance with the Company's Articles of Association, the Chairman shall represent the Company towards Third Parties. The Vice Chairman shall substitute for the Chairman in his absence.

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

- No one person in the Company should have unfettered powers or influence on decision-making at the time of developing the Company's Manual of Authority and the relevant regulations.
- The Chairman in his capacity is not a member in any of the Board Committees or Special Committees, while ensuring that committees' Manuals of Authority and Terms of Reference are developed for effective functioning, members of the committees are properly selected, and that committees' Manuals of Authority and Terms of Reference are in line with best governance practices.
- The roles and responsibilities of the Chairman are separated from those of the rest of Board Directors and members of the Company's executive management.

3-5 Board Directors

Directors are committed to exercising due care and making full use of their diverse skills and experience in managing the Company and complying with the relevant regulations and laws, including Board Charter and the Code of Ethics, 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. In accordance with the Company's Articles of Association and Conflict of Interest Policy, Directors shall declare any financial and

commercial transactions and judicial proceedings that may adversely affect the performance of their assigned duties and responsibilities.

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 thinks fit. In accordance with Article (30-1) of the Company's Articles of Association, the Board shall meet at least six (6) times during the Company's fiscal year, and a three-month period may not lapse without a meeting of Board. The number of Directors required to constitute a quorum shall be five (5) Directors (present or duly represented by an alternate) as a minimum, and the Chairman shall be one of them. In accordance with the amended Articles of Association, the Board met for the required number of times during 2021.

In accordance with Board Charter and the Company's Articles of Association, all Board meetings are convened 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. A meeting of the Board shall, with a notice of less than seven (7) days, be deemed to have been appropriately convened in the absence of any objection by Directors and as agreed by those Directors to attend.

In accordance with the Company's Articles of Association, an absent Director may appoint in writing a Director to represent him in attendance and voting, provided that no Director may represent more than one Director. 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 without an excuse being accepted by the Board.

To ensure full participation of all Directors in Board meetings, Director has the right to use any secure technological means of communications to enable him to hear and actively participate in discussing Board agenda items and passing resolutions. 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 internal regulations, Board resolutions shall be passed by a majority of those Directors present and the Chairman of the Board at a duly constituted Board meeting. The Board shall keep minutes of all resolutions and proceedings of Board meetings and those absent from and attending such meetings. The Chairman, Secretary and all attendants shall sign on the minutes. Any objecting Director shall enter his objection in the minutes of meeting.

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.

3-8 Board Secretary

In accordance with the Company's Articles of Association, the Board or the Special Shareholder may take a decision to appoint a Secretary 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/her authority and his/her annual remuneration.

The detailed roles and responsibilities of the Board Secretary are included in the Board of Directors Job Descriptions within the Corporate Governance Framework. These roles and responsibilities are aligned with the main objective of providing comprehensive and confidential administration and support services to the Board of Directors. The Secretary keeps safe Board documents and coordinates among Board Directors in a timely and appropriate manner.

The Secretary ensures that Board documents are safely maintained and Board meeting agenda, invitations, other required documents, meeting minutes and resolutions are distributed and safely maintained. He/she also ensures that records are kept in accordance with the Company's internal regulations/Articles, ensuring that these records

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are available upon request by the persons authorized to have access to. These records may include founding documents, lists of the names of Board Directors and their memberships and other official records. The Secretary is also responsible for providing orientation material and scheduling orientation sessions for the new Board Directors.

The current Board Secretary has a legal experience that spans more than 18 years. In addition, the Secretary has long expertise on the affairs of a listed company.

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

3-9 Board Committees

As part of implementing governance, the Board of Directors established some Board Committees and some Special Committees and delegated to these committees some powers and authorities to carry out specific tasks and conduct Company's business. The Board of Directors remains liable for all the powers and authorities so delegated. Board Chairman is not a member of any Board Committee or Special Committee. The Board also reviews and assesses the performance of the committees on an annual basis. Board Committees are as follows:

3-9-1 Audit Committee

The Board Audit Committee (BAC) was constituted 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 2021 passed on 13th of June 2021 concerning the reconstitution of Board Committees. The BAC currently consists of 3 (three) Board Directors, including an Independent Director as Chairman. All committee members are elected Board Directors who have the required experience necessary to effectively perform their duties and exercise all authorities and powers vested in or exercisable by the Committee. Committee Chairman is not a Chairman or a member of any other Committee.

As previously mentioned, the Company convened an Extraordinary General Assembly meeting on 2nd of May 2018 to amend its AoA by adding the definition of the Independent Director and identification mechanism. Based on this amendment, in determining whether a person is suitable to be appointed as Independent Director, such determination shall be based on the regulations and requirements of Qatar Stock Exchange.

In applying the definition in QFMA Governance Code and based on candidate applications and related declarations submitted by all elected Directors, the majority of committee members are Independent Directors and 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.

The Corporate Governance Framework, which was developed in line with QFMA Governance Code and industry-standard best governance practices, contains BAC Terms of Reference. Committee responsibilities include financial aspects, external and internal audits, internal controls, compliance risk management and any other aspect within the competence and mandate of the Committee.

BAC reports periodically to the Board of Directors on its activities, issues and raises recommendations, particularly with regard to the review and endorsement of the quarterly, half-year and year-end financial statements, as well as internal and external audit reports, internal control system and risk management.

Committee meeting agenda for 2021 covered the following:

1. Approve the External Auditor's report on the consolidated financial statements for the financial year ended 31st of December 2020.
2. Review and endorse the consolidated financial statements for the financial year ended 31st of December 2020 and present the executive summary report.
3. Endorse the appointment of the External Auditor for the financial year ending 31st of December 2021.
4. Endorse 2020 Corporate Governance Report.

5. Review and endorse the consolidated financial statements for the financial period ended 31st of March 2021 and present the executive summary report.
6. Review and endorse the consolidated financial statements for the financial period ended 30th of June 2021 and present the executive summary report.
7. Review and endorse the consolidated financial statements for the financial period ended 30th of September 2021 and present the executive summary report.
8. Periodic review of internal audit activities, including risk assessment update, audit plan for the Company and its subsidiaries, conclusions, recommendations and related corrective actions.
9. Review the procedures for appointing the Company's Internal Auditor.
10. Conduct annual self-assessment of the Committee's performance.
11. Present GIS 2021 BAC meeting timetable for acknowledgement

In accordance with Committee's Terms of Reference, the meeting of the Committee shall be valid only in the presence of the Committee Chairman 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. In accordance with the Committee's amended Terms of Reference, Committee holds at least (6) meetings during the financial year. During 2021, Committee met for the required number of times.

The Board Audit Committee currently consists of three members. The table below shows the current members of the Board Audit Committee:

Name	Position
Mr. Mohammed Nasser Al-Hajri	Chairman
Sheikh Jassim bin Abdullah Mohammed Jabor Al-Thani	Member
Mr. Ali Jaber Al-Marri	Member

3-9-2 Nomination and Remuneration Committee

As part of its efforts to comply with the provisions of QFMA Governance Code, the Company had established a Nomination and Remuneration Committee by Board resolution no. 3 of 2017. The current Committee was formed by virtue of resolution no. 2 of 2021 passed on 13th of June 2021 concerning the reconstitution of Board Committees. Committee currently consists of three Board Directors who have the required experience to efficiently perform their duties and exercise all authorities and powers vested in or exercisable by the Committee. Committee Chairman is not a Chairman of another Board Committee, and the BAC Chairman is not a member of the Nomination and Remuneration Committee.

Committee's Terms of Reference were developed in line with QFMA Governance Code and the industry-standard best corporate governance practices. Committee responsibilities include outlining the general policy for granting remunerations on an annual basis, taking into consideration the requirements of relevant regulators. Committee sets the foundations for granting remunerations and allowances to Board Directors and the Senior Executive Management and submits proposals on the remunerations of the subsidiaries' Boards of Directors.

In determining the proposed remuneration, Committee takes into account the duties and responsibilities of Board Directors and the Company's performance and benchmarks with the best practices of the similar companies listed on Qatar Stock Exchange.

On the other hand, the scope of the Committee's responsibilities includes setting the foundations and developing criteria for the shareholders to identify eligible persons and elect candidates for Board membership at the General Assembly meeting, receiving applications for membership of the Board of Directors and submitting a list of candidates, including its recommendations in this regard. In addition, Committee reviews the self-assessments of Board Directors, which include a comprehensive analysis of the Board's performance and related recommendations, taking into consideration many factors that best serve the long-term interests of the Company's shareholders and meet their expectations.

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Committee reports to the Board of Directors on its activities, issues and raises recommendations.

In 2021, Committee held three meetings during which it considered and made resolutions concerning:

1. Review self-assessment of Board Directors - Directors made positive assessments at various levels, such as independence, objectivity, knowledge and experience, teamwork, leadership, goals, contributions, participation and inputs.
2. Approve the proposed amendments to the policy of Board allowances and remunerations.
3. Approve the proposed amendments to the Company's nomination policy in line with the Company's amended Articles of Association and as instructed by the regulators.
4. Manage the nomination and election process for the membership of the Company's Board of Directors for four seats for a term of three years (2021-2024) - ensuring that eligibility criteria and relevant requirements are met.
5. Consider the proposed the remuneration of the Board Directors for the financial year ended 31st of December 2020.
6. Review the proposed remunerations of the subsidiaries' Boards of Directors - ensuring that these remunerations were determined based on the operational and financial performance of the subsidiaries with a fair estimate.

In accordance with 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. Committee shall meet as and when necessary. Prior to Board meeting for reviewing the year-end financial statements, Committee shall meet to make recommendation on the proposed remuneration of Board Directors that should be presented to and approved by the Annual General Assembly.

Remuneration of Board of Directors

The Company developed a periodically revisited remuneration and allowance policy for Board Directors. The policy has fixed component for

Board Directorship and attending meetings and a variable component (remuneration) based on the performance of the Company and the extent to which it achieves its medium- and long-term objectives, provided that the total of both components - in any case - should not exceed the maximum "ceiling" amount determined by the policy as approved by QatarEnergy. The main principles of this policy are included in the Corporate Governance Framework. In accordance with the Company's Articles of Association, the proposed remuneration of Directors shall be presented to and approved by the General Assembly.

In its remuneration policy, the Company complies with the limits provided for in Article no. 119 of Law no. 11 of 2015, promulgating the Commercial Companies Law that such remuneration does not exceed (5%) of the net profit after deducting reserves, legal deductions and distributing dividends of not less than (5%) of the Company's paid-up capital.

Remuneration of senior management

All financial, administrative and head office services are provided by resources from QatarEnergy under a service-level agreement. Accordingly, the Company's staffing structure does not include any senior executive position.

Committee currently consists of three members. A meeting was held on 16th of February 2021 to consider the proposed remuneration of the Board of Directors for the financial year ended 31st of December 2020. The recommendation made by the Board of no remuneration was approved by the General Assembly held on 10th of March 2021. As for Board Committees, no remuneration is paid for membership. Only the members of the Nomination and Remuneration Committee receive allowances for attending its meetings. The table below shows the current members of the Committee:

Name	Position
Mr. Ghanim Mohammed Al-Kuwari	Chairman
Mr. Mohammed Ibrahim Al-Mohannadi	Member
Mr. Ali Jaber Al-Marri	Member

3-10 Assessment of Board Performance

The Board of Directors conducts an 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 best serve the long-term interests of the shareholders and meet their expectations as follows:

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.

The Remuneration Committee, at its third meeting of 2021 held on 16th of February 2021, reviewed the self-assessments of Board Directors for the financial year ended 31st of December 2020. Directors made positive assessments at various levels, such as independence, objectivity, knowledge and experience, teamwork, leadership, goals, contributions, participation and inputs. Assessment results were then presented to the Company' Board of Directors at its first meeting of 2021 held on 18th of February 2021.

In its first meeting of 2022, the Remuneration Committee will review Board self-assessment and will make its recommendations in this regard as part of its report to the meeting of the Board of Directors.

During 2021, the Board performed the tasks and dispensed business decisions within its authorities as provided for in the Board Charter. Directors had no grievances or complaints. All proposals were discussed during Board meetings and necessary relevant actions were taken, whether corrective or reinforcing. The Board is satisfied that it has effectively discharged all of their duties and obligations.

4 Company's control system

The primary purpose of internal controls is to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. To achieve this, the Company adopted an internal control system that includes the development of internal controls over financial reporting, policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.

The internal control system is overseen by the Audit Committee and the Board of Directors to discuss observations on the internal controls. The Internal Auditor periodically makes and submits reports in this regard.

To ensure that best standards are applied in developing internal control systems, the management adopted COSO Internal Control – Integrated Framework (2013) as a benchmark framework. COSO Internal Control – Integrated Framework (2013) consists of inter-related components, including control environment, risk assessment, control activities, information and communication, and monitoring.

Internal control is an integral part of GIS' corporate governance which involves the Board, Board Audit Committee, executive management and employees at all organizational levels. It is a process which includes methods and processes to:

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1. Safeguard GIS' assets.
2. Ensure the reliability and correctness of financial reporting.
3. Secure compliance with applicable legislation and guidelines.
4. Ensure that objectives are met and continuous improvement of operational efficiency.

The objective for GIS' financial reporting is to be in line with the highest professional standards and to be full, fair, accurate, punctual and understandable.

Moreover, having a benchmark framework, such as COSO Framework, will enable the management to establish and maintain an internal control system. Company's auditors can also refer it as a benchmark framework to perform their duties in accordance with Article no. 24, in particular with regard to the assessment of the appropriateness and effectiveness of the applicable control systems.

To ensure compliance with the provisions of Article no. 4 of QFMA Governance Code, Gulf International Services should:

1. Establish and maintain adequate and effective internal controls over financial reporting to mitigate the risk of significant misstatements.
2. Evaluate and assess the adequacy and effectiveness of the internal controls over financial reporting to mitigate the risk of significant misstatements.

To achieve this, the management developed a framework to assess the Company's internal controls over financial reporting. A top-down approach was used in designing and testing of the Company's framework wherein it begins at the financial statement level and with the understanding of the overall risks to internal controls over financial reporting.

Business risks were assessed using the Company's 2020 standalone financial statements. The risk assessment, which involved application of "Materiality" on GIS' 2020 standalone financial statements (considering the qualitative and quantitative factors) based on the inputs of the External Auditor and the best practices, was made to determine the significant accounts, disclosures, their relevant assertions and applicable business

processes within the Company for controls identification, evaluation and testing.

This approach directs attention to accounts, disclosures, and assertions that present a reasonable possibility of material misstatement to the financial statements and related disclosures. The next activity involves understanding of the risks in the Company's processes relevant to the identified significant accounts, disclosures and assertions based on risk assessment and select for testing those controls that sufficiently address the assessed risk of misstatement to each relevant assertion. This process can be detailed as follows:

Risk assessment:

1. Identifying and assessing the risks of material misstatement in the financial statements.
2. Determining materiality (considering the qualitative and quantitative factors), external audit input, and other factors relating to the determination of material weaknesses.
3. Identifying classes of transactions, significant account balances, disclosures, their relevant assertions and applicable business processes based on determined materiality. The financial statement assertions include existence or occurrence, completeness, valuation or allocation, rights and obligations, presentation and disclosures.

Perform walkthrough:

Following the risk assessment, the relevant internal controls which mitigate the risk of material misstatements for applicable business processes are identified through walkthroughs by reviewing the established policies and procedures, enquiries with management and process owners and understanding the flow of transactions.

These internal controls are grouped as follows:

1. Entity Level Controls (ELCs) – present across the Company and include measures taken by management to equip staff to adequately manage risks through raising awareness, providing appropriate knowledge and tools as well as developing skills.
2. Information Technology General Controls (ITGCs) - The ITGC (applicable IT applications

and infrastructure relevant to identified business process) on Company's general IT infrastructure and systems.

3. Business Process Controls - both manual and automated, are embedded in business processes applicable to financial transactions. These controls may change over time due to changes in the Company's business processes.

A walkthrough involves following a transaction from origination through the Company's processes, including information systems, until it is reflected in the Company's financial records, using the same documents and information technology that Company personnel use.

Walkthrough procedures usually include a combination of inquiry, observation, inspection of relevant documentation.

Test of internal controls:

Following the risk assessment and controls identification, control testing was conducted on each of the identified controls to assess if they are designed adequately and operating effectively. Control testing encompasses three components: test of design effectiveness, test of operating effectiveness, and ongoing monitoring.

Test of design effectiveness:

Testing the design effectiveness of controls involves determining whether the Company's controls, if they are operated as prescribed by persons possessing the necessary authority and competence to perform the control effectively, satisfy the Company's control objectives and can effectively prevent or detect errors or fraud that could result in material misstatements in the financial statements. This will conclude if the Company has an adequate system of internal controls over financial reporting.

Testing the design includes a mix of inquiry of appropriate personnel, observation of the Company's operations, and inspection of relevant documentation.

Test of operating effectiveness

Testing the operating effectiveness of controls involves obtaining evidence about whether the control is operating as designed throughout the relevant financial reporting period. For

each control selected for testing operating effectiveness, the evidence necessary to conclude that the control is effective depends upon the risk associated with the control, which is assessed based on factors such as nature and materiality of misstatement the control is intended to prevent, history of errors, frequency with which control operates, effectiveness of entity level controls, competency of personnel performing the control, nature of control i.e., automated or manual.

Evaluating identified deficiencies:

A 'deficiency' in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

Evaluation of the severity of each control deficiency should be made to determine whether the deficiencies, individually or in combination, are significant deficiencies or material weaknesses as of the balance sheet date.

The Company's management recognizes that a significant deficiency or weakness in internal controls over financial reporting increases the possibility that a misstatement in the Company's annual or interim financial statements will not be prevented or detected on a timely basis, which is important enough to merit attention of those charged with management and governance.

A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

A deficiency in operating effectiveness exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Remediation testing:

The Company ensures that any issues or deficiencies either relating to design or operative effectiveness of specific controls are remediated. Once a new control is in place or remediated, it

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should be given enough time for its operations to validate the control's operating effectiveness. The amount of time that a control should be in place and operating effectively depends on the nature of the control and how frequently it operates.

Based on its assessment of the Company's current internal controls over financial reporting and Testing of Design and Operating Effectiveness, the management believes that the Company has developed an appropriate internal control framework that meets the requirements of the internal control over financial reporting. Moreover, the management considers the developed framework as appropriate to form the basis for compliance with the requirements of Qatar Financial Markets Authority in this regard.

The following are the main elements of the Company's internal control framework :

4-1 Risk management

As a service provider under a service-level agreement, QatarEnergy' established risk management rules and regulations are applied. However, the Board of Directors endeavors to maintain an appropriate risk management framework at Company level, as risk management is an integral part of company 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:

- Risk identification and assessment involve identifying and assessing all 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 address it effectively, as well as a set of indicators to monitor changes in the overall risk structure and landscape. Risks are simulated in several scenarios in order to develop proper remedies and assess their cumulative impact on the performance of the Company.
- Risks are then measured based on the impact and possibility of their occurrence.

- 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. During treatment, the Company takes into consideration that risks have a life cycle, i.e., before, during and after the occurrence. The Company ensures protection, and that regulations, operational procedures and controls are developed in accordance with the best practices to minimize and mitigate related risks.
- Risks are then monitored to ensure that any related problems are quickly identified and properly addressed.

4-2 Audit

4-2-1 Internal Audit

Gulf International Services periodically floats a tender for the engagement of an independent consultant to provide it with internal audit services in accordance with tendering procedures. Offers are received by an established Tender Committee. Based on its evaluation of the technical and commercial offers, the Tender Committee makes its recommendations to the Board Audit Committee on the selection of the appropriate consultant. An Internal Auditor was appointed on 1st of January 2018 for three years to provide the Company and its subsidiaries, as instructed by the Board Audit Committee and in accordance with the audit plan, with internal audit services as a "service provider". The Company, following the expiry of the agreement, extended the internal audit agreement for another year with more favorable commercial terms.

The appointed Internal Auditor makes a risk assessment at the Company and subsidiaries levels, then they draw up an appropriate audit plan and follow up on the implementation of the outstanding observations and related corrective management plans.

The Internal Auditor has access to business functions and all data are provided as and when requested. The Internal Auditor verifies control systems, financial oversight and risk management. The Internal Auditor also verifies the extent to which the Company is committed to applying internal control systems and complying with the relevant laws and regulations, including

Company's compliance with the rules and provisions that govern listing and disclosure to the stock market.

The Internal audit reports are prepared by the Internal Auditor in accordance with the international auditing standards. All reports and recommendations are quarterly presented by the Internal Auditor to the BAC and subsequently submitted to the Company's Board of Directors as part of the BAC periodic report. The report includes assessment results of risks and applied systems at the Company, updates on audit work and related results and an assessment of the Company's performance as to applying the internal controls in accordance with the regulations set by the regulators, a follow up and the current status of the executive management's plans of corrective actions to address any weaknesses in the internal controls and any other tasks as recommended by the Audit Committee. The executive management receives a copy of the report to take the necessary corrective actions as instructed by the Board Audit Committee.

The Internal Auditor completed 21 audits and follow-up audits in accordance with the audit plan that covers GIS and its subsidiaries. The scope of the internal audit, which was based on risk assessment, included many areas across group companies, such as main operations (operations, maintenance, life insurance, general insurance and reinsurance etc.) and support functions (governance and compliance, finance and accounts, management reports, investments, procurement, marketing and business development, human resources, information technology, HSE etc.)

4-2-2 External Audit

The Board Audit Committee examines and evaluates offers received from external auditors registered in QFMA external auditors' list. Accordingly, the Committee makes its recommendation to the Board on the appointment of the External Auditor. Once approved by the Board, the recommendation shall be included in the agenda of the Company's General Assembly.

The General Assembly appoints the External Auditor for one year, renewable for a similar period or other similar periods up to a maximum

of five consecutive years, provided that no re-appointment shall be made before two consecutive years are passed. The agreement between the Company and the External Auditor provides that the External Auditor's employees are required to strictly maintain confidentiality. Under relevant regulations and laws, the External Auditor is prohibited from combining between their assigned business, functions and duties and any other business in the Company, and from working at the Company before at least one year from the date of relations end with such Company.

The Company floated a tender for the appointment of an External Auditor for a period of five years, starting 2018. The recommendation on the proposed appointment by the committee, which is formed in accordance with Company's tendering procedures, is annually presented to the Company's Ordinary General Assembly for approval. In 2021, the Company's General Assembly, at its meeting for 2020 which was held on 10th of March 2021, approved the appointment of KPMG as the Company's External Auditor for 2021 for an annual fee of QR 313,690, inclusive of the external audit work and additional work of ICoFR and corporate governance assessment as instructed by QFMA, as well as the Company's compliance with QFMA Governance Code.

Taking into account the requirements of Article no. 24 of QFMA Governance Code, the scope of work of the External Auditor included undertaking control works and assessment of the Company performance, especially relating to appropriateness and effectiveness of internal control systems implemented in the Company, including internal controls over financial reporting, the Company's compliance to its Articles of Associations and the provisions of the Law and QFMA's relevant legislations, including the provisions of QFMA Governance Code.

The External Auditor provides assurance that the financial statements were properly and fairly prepared in accordance with the international accounting and auditing standards. They report on observations made on significant financial issues and implemented financial controls. The External Auditor attended and submitted their report to the General Assembly 2020 held on 10th of March 2021.

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KPMG, the External Auditor, submitted their report for the financial year ended 31st of December 2020 to the Company's Board of Directors on key accounting and auditing matters. They also submitted their independent assurance report on the internal controls over financial reporting and related assessment. The External Auditor, based on the results of their reasonable assurance procedures, concluded that the Board of Directors' ICOFR report fairly presented that the Company's ICOFR was properly designed and implemented and operating effectively as at 31st of December 2020.

In addition, the External Auditor submitted their independent limited assurance report on compliance with the Qatar Financial Markets Authority's law and regulations and on other relevant legislation including the Corporate Governance Code for Companies & Legal Entities Listed on the Main Market. The External Auditor concluded that nothing came to their attention, based on their limited assurance procedures performed, that caused them to believe that the Board of Director's Statement, did not present fairly, in all material aspects, that the Company has a process in place to comply with QFMA's law and regulations and other relevant legislations and the Company is in compliance with the provisions of the Code as at 31st of December 2020.

The External Auditor presented their reports for the financial year ended 31st of December 2020 to the Company's General Assembly, which was held on 10th of March 2021.

Moreover, the External Auditor's full independent reports, which include responsibilities, inherent limitations, scope and its determinants, criteria, results and the basis for conclusion/opinion, were published as part of the Company's annual report available on the Company's website (www.gis.com.qa).

4-3 Compliance

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

Areas of non-compliance with particular provisions of QFMA Code, including the reasons for any such non-compliance, were highlighted in this report. The Company makes every effort to be in compliance with the provisions of the applicable QFMA law and relevant legislations, including the Code.

The main responsibility of the Compliance Section is to assist the Board of Directors, Board Audit Committee and the Company's management to comply with governance rules, and to manage and monitor risks by ensuring that relevant policies and procedures are in place to protect the Company, as a listed entity, against exposure to non-compliance risks.

The Compliance Section continuously monitors changes to governance regulations and best practices, and periodically updates the Board on any changes to governance practices / regulations.

As and when the Company is required to update its governance structure due to new changes to corporate governance regulations and leading practices, Compliance Officers are required to prepare and submit proposals on governance changes to the Board for approval.

To this end, as additional layer, a mechanism was developed to review, monitor and ensure that the Company is compliant with applicable laws, rules and regulations, and to enhance the Company's self-revision of risk management. The mechanism, which will be applied, generally aims to:

- Provide a reasonable assurance of the Company's compliance with the relevant applicable laws and regulations.
- Detect cases of non-compliance, whether accidental or intentional.
- Take the necessary disciplinary actions in accordance with the Company's regulations in cases of noncompliant behavior.
- Take the necessary corrective actions to address the consequences of noncompliance.
- Develop proposals to avoid non-compliance in the future.

Each and every company of GIS group companies, which are not the main focus of this report, is fully aware of the importance of establishing

the principles of good governance, including transparency, accountability and responsibility to support efforts geared towards achieving strategic goals and objectives, financial stability and integrity, and thus enhancing operational excellence. On the other hand, each company is managed independently by a Board of Directors having the necessary powers to manage and exercise its duties in full accordance with its fiduciary responsibility, ensuring the protection of all shareholders' rights of different classes. Each company also has its own systems and internal controls, including risk management systems, which are overseen by its Board of Directors, Board committees and other relevant executive committees, such as audit committees, institutional risk management committees and governance and compliance committees. All of this contributes positively to creating a control environment in line with the best standards and practices.

Moreover, GIS appoints only qualified and eligible Directors – its representatives to subsidiaries – who are sufficiently experienced to perform their duties effectively in the best interest of the subsidiary and dedicated to achieving its goals and objectives. Upon appointment, a Director shall be fully responsible to the subsidiary, in which he holds a seat on its Board, and shall be held accountable for his decisions to GIS as a shareholder in the meeting of the General Assembly, thereby increasing the level of independence from the appointee and non-interference in the management.

5 Disclosure and Transparency

5-1 Disclosure

The Company complies with disclosure requirements, including A) financial reports and notes thereto as disclosed to the regulators, published in the local newspapers and posted on the Company's website (www.gis.com.qa), B) number of shares owned by the Chairman, Board Directors and members of the Senior Executive Management, and C) major shareholders. The Company also complies with the requirements of disclosing information on the Chairman, Directors, Board Committees, Chairman and Directors' qualifications and experience as noted

from their bios, and whether any of them is a member of the Board of Directors of other listed company, a member of its Senior Executive Management or its Board committees.

On the other hand, during 2021, no penalties were imposed on the Company as a result of violations committed during the year, including violations and sanctions imposed because of non-compliance with the implementation of any of principals or provisions of QFMA Governance Code. No legal case was filed by or against the Company. Disclosure is made in accordance with specific procedures approved by the Company's management. These procedures include ways of dealing with rumors by proving false or true, and how to clearly disclose in writing in a manner that is consistent with QFMA relevant legislations.

The Board takes appropriate measures to ensure that all disclosures are made 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 Conflict of Interest

The Board complies with QFMA Governance Code principals for the disclosure of any dealing and transaction the Company enters into with any "Related Party", in which such Related Party has an interest that may conflict with the Company's interest. In all cases, any transaction with Related Parties is disclosed in the notes to the Company's consolidated financial statements, which are published in the local newspapers and posted 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 QFMA, with a Related Party. Such deal or transaction must be put on the agenda of the next General Assembly to complete the requisite procedures for conclusion.

Moreover, the Company developed a policy on Related Party transactions in its Corporate Governance Framework. This policy takes into account the following:

- Review of these transactions, if any, by the Board Audit Committee and the Board of

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Directors to ensure compliance with relevant regulations.

- 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 approving authority.
- Ensure that a transparent process, when applicable, is in place with adequate disclosure of Related Party transactions to shareholders.
- Price in a manner consistent with the recognized market practices, or on an appropriate basis, being arms-length.
- 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.

During 2021, Related Party transactions at the Company level (on a stand-alone basis) included:

- Annual expenses paid to QatarEnergy for providing the Company with all financial and head office services under a service-level agreement.
- Income tax amounts recovered from subsidiaries.
- Annual dividends approved by the subsidiaries' General Assemblies.
- Foreign exchange transactions made between GIS and its subsidiaries as part of managing cash and working capital needs at the subsidiaries level. These transactions were made at the official exchange rates.

5-3 Transparency and upholding the interest of the Company

The Board of Directors recognizes 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 stakeholder. In order to avoid this, the Company adopted a conflict of interest policy within its Corporate Governance Framework to identify, as far as possible, conflict

of interest situations, and to prevent losing objectivity by adhering to the appropriate professional conduct and establishing the principles of transparency, fairness and disclosure.

In accordance with the Company's internal regulations and Conflict of Interest policy, if a Related Party is in a conflict of interest situation, it shall not be entitled to attend the discussion, cast 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 interests of the Company.

Moreover, Directors and employees / service providers understand that all information related to GIS, 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 share trading

The Company adopted procedures and rules that govern insider trading. These procedures and rules take into account the definition of the insider, whether permanently due to holding a position in the Company, or temporarily as a result of carrying out specific tasks for the Company. This insider has access to material information about the Company that could have a positive or negative impact on the investment decisions that can be taken by those who trade Company's share at Qatar Stock Exchange.

The Company updates Qatar Central Securities Depository (QCSD) with the details of the insiders, Directors and members of the Company's executive management to ban their tradings according to the applicable rules, and to disclose their tradings of the Company's shares on a daily basis by Qatar Stock Exchange.

In general, insiders are not allowed to benefit directly or indirectly from the use of inside information that has not yet been disclosed. Trading Company's shares on the basis of inside information, regardless trade size, is a serious violation of the Company's ethical standards and policies. In addition, the insider may not assist others to trade the Company's shares by improperly disclosing inside information.

6 Stakeholder rights

6-1 Equal rights of shareholders

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 Associations and internal regulations provide for the procedures and guarantees needed for all shareholders to exercise their rights, particularly the rights to dispose of shares, receive the determined dividends, attend the General Assembly and participate in its deliberations and vote on decisions, as well as the right to access information and request it with no harm to the Company's interests.

The Company amended its Articles of Association, as approved by the Extraordinary General Assembly meeting held on 5th of March 2018, by adding a provision on 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."

6-2 Register of shareholders

The register of shareholders is managed in accordance with QE applicable rules and procedures. The register of shareholders is kept and updated by Qatar Central Securities Depository (QCSD). Under the agreement between GIS 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 rights to access information

The Company's Articles of Association and internal regulations provide for the procedures

to be followed by shareholders for accessing information allowed to be disclosed to enable them to exercise their full rights without prejudice to other shareholders' rights or adversely affect the interests of the Company.

The Board of Directors and the Company's employees are making continuous efforts to establish constructive relationship and maintain communication with shareholders and investors so that they can make sound investment decisions by:

- (a) Ensuring fair and transparent disclosure of the Company's information both in quality and quantity in accordance with applicable laws and regulations.
- (b) Publishing a quarterly analytical report that includes details and analysis of the Company's financial and operational performance.
- (c) Publishing a presentation and holding a quarterly virtual earning call.
- (d) Dedicating a professional team to meet shareholders and discuss their inquiries regarding the company's financial and operating performance.
- (e) Attending events and conferences.
- (f) Updating the Company's website (www.gis.com.qa) in line with the modern display techniques to better serve the shareholders of the Company and all related parties. The website contains a dedicated section for investor relations through which all information subject to regular and immediate release, including, financial reports, press releases and corporate governance reports and their requirements.
- (g) Making and maintaining strong partnerships with newspapers and other media.

Qatar Stock Exchange and Qatar Financial Markets Authority are provided with the details of the contact person. Further, an email account (gis@qp.com.qa) is dedicated for receiving inquiries or questions from the Company's shareholders. The Company also seeks views and consider assessments and suggestions from the institutional and individual shareholders, with whom it maintains regular communication.

The representatives of the Company ensure that all information provided to shareholders /

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investors is of the class that is allowed to be disclosed to the public. Providing confidential information or favoring a shareholder more than another is strictly prohibited.

6-4 Shareholder 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 Company's General Assembly is entitled to attend the General Assembly meeting. Each share he/she holds is entitled to one vote. In accordance with the Company's Articles of Association, Company's shareholders have all of the relevant rights, including:

- 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.
- The right to participate in deliberations and vote on such matters on the meeting agenda.
- 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 share capital.
- The right of the shareholder (s) who owns at least (10%) of the Company's share 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 share 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, vote in General Assembly meetings and be well informed of the rules, including voting procedures, which govern general shareholder meetings. In achieving this, the Company:

- Provides the shareholders with sufficient information in quality and quantity on the date, location and agenda of the general meetings, as well as complete and timely information regarding the matters to be discussed at the meeting to enable them to make a decision. This is achieved through announcing the meeting agenda in the local newspapers and posting it on the Company's own website. It also communicates the agenda to Qatar Stock Exchange for announcement on its website.
- Enables shareholders to directly pose questions to the Board Directors, place items (if any) on the agenda of the meeting, and to propose or object to resolutions, subject to the procedures established by law and applicable regulations in this regard.
- Provides a mechanism through which shareholders can attend and vote in person or in proxy. Equal effect should be given to votes whether cast in person or in proxy.

In accordance with the Company's Articles of Association, 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 the Articles of Association in this regard.

For 2021, the following agenda of the Company's Ordinary General Assembly meeting was discussed and approved by the shareholders:

1. Listen to Chairman's Message for the financial year ended 31st of December 2020.
2. Listen and approve Board of Directors' Report on GIS' operations and financial performance for the financial year ended 31st of December 2020, and the future plans of the Company.
3. Listen and approve External Auditor's Report on GIS' consolidated financial statements for the financial year ended 31st of December 2020.
4. Discuss and approve GIS' consolidated financial statements for the financial year ended 31st of December 2020.

5. Approve 2020 Corporate Governance Report.
6. Approve the Board's recommendation of no dividend for the financial year ended 31st of December 2020.
7. Absolve the Directors of the Board from liability for the financial year ended 31st of December 2020.
8. Appoint "KPMG" as the Company's External Auditor for the financial year ending 31st of December 2021 and approve their fees.

6-4-3 Election of Board Directors

GIS adheres strictly to disclosure requirements with regard to candidates for Board membership (four elected Directors). The Company has already provided its shareholders with full information about all candidates for the Board's term of office (2021-2024), including their qualifications and experience as noted from their bios. On 23rd of February 2021, GIS proactively provided the regulators with the names of the candidates and posted their names on the Company's website well enough before the meeting of the General Assembly, which was held on 10th of March 2021, so that shareholders could take informed decisions regarding the candidates on substantive grounds.

As for appointed Directors, QatarEnergy appoints only qualified and eligible Board Directors who are sufficiently experienced to perform their duties effectively in the best interest of the Company and dedicated to achieving its goals and objectives. QatarEnergy makes timely disclosure of any and all 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 the resolution of the Extraordinary General Assembly held on 26th of February 2017 and pursuant the resolution of the Extraordinary General Assembly held on 5th of March 2018 and without prejudice to the Company's ability to fulfill its obligations towards third parties and pursuant to a resolution of the General Assembly, dividends of not less than five (5) percent of the net profits of the Company after deducting legal deductions shall be distributed to registered

shareholders at the end of trading session on the day on which the General Assembly is convened, provided that dividends shall not exceed the amount recommended by the Board.

The main lines of the dividend distribution policy included in the Company's Corporate Governance Framework are explained in the attachments to the meeting agenda of the Company's General Assembly.

In general, the dividend policy requires the Company to balance shareholders' expectations with its operational and investment needs. This is achieved through investigating the following factors before a recommendation on the dividend distribution could be presented to the General Assembly:

- 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.
- Lenders Constraints: GIS shall satisfy the financial requirement of lenders, if any.
- Legal constraints: Any legal reserves shall be reserved before distributing the dividend.
- 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 is subject to the final approval of the General Assembly. The Company, through its agreement with a local bank, Qatar National Bank, makes it easier for the shareholders to claim their dividends for the year or previous years by making transfers to the accounts of the shareholders who provided their bank account details to Qatar Central Securities Depository or submitted a request for transferring their dividends to any QNB branch. The Company's website is updated with the required documents and all related details to claim dividends.

As for the resolution of Company's General Assembly passed in 2021 for the financial year ended 31st of December 2020, the General Assembly approved Board recommendation of no dividends for 2020.

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6-5 Conducting Major Transactions

The Company is committed to treat all shareholders equitably. 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 against abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.

The Company ensures that minority shareholders are protected against 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 at the General Assembly meeting, and that voting process is facilitated without prejudice to the provisions of its AoA.

In accordance with the Company's Articles of Association, 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 some selected entities identified in the Company's Articles of Association, and pursuant to the resolution of the Company's Extraordinary General Assembly held on 2nd of May 2018, 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 share capital. The maximum ownership of the company's share capital is 2%. Qatar Central Securities Depository (QCSD), the entity entrusted with managing the register of the Company's shareholders, ensures that this maximum ownership limit is maintained.

Moreover, the Company convened an Extraordinary General Assembly meeting on 5th

of March 2018 to amend its Articles of Association and added an article on determining the Non-Qatari ownership percentage to a maximum of forty- nine percent (49%) of the portion of the shares listed on Qatar Stock Exchange.

Details of shareholdings in GIS share capital could be obtained from Qatar Central Securities Depository as per the register of shareholders. Details of major shareholdings as at 31st of December 2021 are as follows:

Percentage of Shares (%)	Shareholder
Pension Fund - General Retirement and Social Insurance Authority	16.79%
QatarEnergy	10.00%
Military Pension Fund	5.30%
Qatar Investment Authority	3.76%
Other Shareholders	64.15%
Total	100.00%

GIS relies on QCSD to obtain valid up-to-date record of shareholdings. As per the information obtained from QCSD as at 31st of December 2021, no shareholder has exceeded the limit specified in the Company's Articles of Association, except as expressly provided therein.

6-6 Stakeholder rights (non-shareholders)

GIS safeguards and ensures respect for the rights of the Company's stakeholders in accordance with QFMA Code. Each stakeholder may request the information related to his interest upon submitting a proof of identity. 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 related procedures were adopted within the Company's Corporate Governance Framework to disclose any wrongdoing that may adversely impact the Company, its customers, shareholders, employees or the public at large. Under the policy, GIS assigns a member of the Board Audit Committee to address whistleblowing concerns.

The assigned Committee member ensures that issues raised through whistleblowing are raised and reported to the Board Audit Committee according to the materiality of the issue.

A whistleblowing hotline (+974) 4013-2802 was established and provided on the Company's website (www.gis.com.qa) to report malpractice, unlawful or unethical behaviour.

These procedures are also a key defense against management override of internal controls and thus can help improve corporate governance.

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 Community right

Realizing the importance of its responsibility and the comprehensive role it plays in community development, Gulf International Services Company makes unremitting efforts to support social initiatives and deepen its positive impact on the individual, community and the environment in general. The Company is making efforts 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 through initiatives in the areas such as:

1. Health Safety and Environment: health awareness campaign, health service collaborations, engagement in safety culture and programs such as "Goal Zero", HSE training, operational excellence, energy efficiency, environment management which included water management, waste management, chemicals management, noise management, spill prevention and air emissions management etc.,

2. People: Qatarization programs (partnership with educational institutions, internships, career fairs, trainings and talent management), diversity and equal opportunities, employee retention, training and development, promoting health and fitness, sports activities etc.; and
3. Community: local procurement, sponsorships and donations, health awareness campaigns, community participation programs, such as cultural, social and sport events etc.

The Social and Sport Contribution Fund

Pursuant to Law no. 13 of 2008 amended by Law no. 8 of 2011, GIS is committed to allocate a 2.5% of its annual net profit to support sports, cultural, social and charitable activities. However, as the Company did not make profits for the financial year ended 31st of December 2020, no amount was allocated to support these activities.

For the financial year ended 31st of December 2021, the Company has allocated QR 1.4 million, representing 2.5% of its 2021 net profits, to support these activities.

Conclusion

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

The Board is satisfied that it has effectively discharged all of its duties and obligations and fulfilled its mandate during 2021 as set out in its Charter and relevant legislation. The Board exercises due care and diligence in managing the Company in an effective and productive manner to achieve the interest of the Company, all shareholders and stakeholders in a balanced manner.

Khalid bin Khalifa Al-Thani

Chairman

APPENDIX: BOARD OF DIRECTORS BIOS





Sheikh Khalid bin Khalifa Al-Thani

Chairman

Non-Executive / Non-Independent Member

Qualifications and Experience:

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

Khalid bin Khalifa Al Thani was appointed Chief Executive Officer (CEO) of Qatargas Operating Company Limited (Qatargas) in 2010. He also serves as Vice Chairman and CEO of the Qatargas group of companies.

Before his appointment to Qatargas, Sheikh Khalid was Director of Ras Laffan Industrial City since 2007 and prior to that he held the position of Business Development Manager of Mesaieed Industrial City. Sheikh Khalid held various key positions in QatarEnergy since joining the corporation in 1991.

Other positions*: Vice Chairman, Milaha

Number of shares in GIS: Nil

APPENDIX: BOARD OF DIRECTORS BIOS



Mr. Saad Rashid Al-Muhannadi

Vice Chairman

Non-Executive / Non-Independent Member, representing Woqod Vehicle Inspection (FAHES)

"Mr. Saad Rashid Al-Muhannadi was appointed as Vice Chairman as approved by the Board of Directors in its meeting held on 29th of April 2021, after being elected by the elected members"

Qualifications and experience:

Mr. Saad Rashid Al-Muhannadi was appointed as Vice Chairman as approved by the Board of Directors in its meeting held on 29th of April 2021, after being elected by the elected members

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

Saad joined QatarEnergy Engineering Department as a Developpee in 1990.

He held various positions within the Engineering Business Department before he was appointed as Engineering Business Manager in 2001 where he was responsible for a wide spectrum of duties.

Saad became the first Corporate Manager – Contracts in 2003, reporting to the Managing Director (MD) of QatarEnergy, where a Centralized Contracts Department was established to serve all QatarEnergy Departments. This included the development of Systems, Processes with a full suite of related procedures.

In June 2006 Saad was appointed to the post of Director Technical and was reporting to the Managing Director (MD) of QatarEnergy.

Executive responsibility for planning, directing controlling and executing a diverse range of Oil and Gas related and Civil Infrastructure Capital Projects.

Saad was appointed as Chief Executive Officer of Qatar Chemical Company Limited (Q-Chem) in September 2015.

In April 2017, he was appointed as the Chief Executive Officer of WOQOD.

In July 2019, he was appointed as the managing Director and CEO of WOQOD.

In April 2021, he was appointed as Vice-Chairman of GIS.

Other positions*: Managing Director and CEO, WOQOD

Number of shares in GIS: 97100



Mr. Ghanim Mohammed Al-Kuwari

Chairman of the Nomination and Remuneration Committee

Non-Executive / Non-Independent Member

Qualifications and experience:

Mr. Ghanim Mohammed Al-Kuwari obtained Bachelor of Science in Computer Science from the University of Wisconsin in 1986.

Mr. Al-Kuwari joined QatarEnergy in 1986 as fresh graduate in Information Systems Division. He has held various positions from 1989 to 1993.

In 1993, he was seconded to Qatargas and shortly became IT Manager. In 2006, he was promoted to the position of Chief Operating Officer-Administration. He is currently the Chief Human Capital Officer in Qatargas.

Other positions*: Nil

Number of shares in GIS: 34160

APPENDIX: BOARD OF DIRECTORS BIOS



Mr. Mohammed Ibrahim Al-Mohannadi

Member of the Nomination and Remuneration Committee

Non-Executive member / Non-Independent

Qualifications and experience:

Mr. Mohamed Al Mohannadi holds the CEO position of Gulf Helicopters Company (GHC) since 2008 and Board of Director since 2011, Mr. Mohamed Al Mohannadi has been associated with Gulf Helicopters since November 1994. Earlier to this, Mr. Al Mohannadi held the position of Customer Services Manager with Gulf Air in Doha. He holds an aviation management degree from Florida Institute of Technology, USA.

Mr. Al Mohannadi is a proven entrepreneur and strategic leader who translates business strategies into maximum profits aligned with efficient, safe and quality service conforming to International Standards.

Mr. Mohammed Al-Mohannadi implemented a strategic plan to expand the network of Gulf Helicopters and build a modern fleet and was able to bring about comprehensive changes and an advanced philosophy that takes the quality of services as its starting point.

Other positions*: Nil

Number of shares in GIS: 1554



Mr. Ali Jaber Al Marri

BAC member

Member of the Nomination and Remuneration Committee

Non-Executive / Non-Independent Member, representing General Retirement and Social Insurance Authority

Qualifications and experience:

Mr. Ali Jaber Hamad Al Marri earned a Master of Business Administration from Gulf University, Bahrain, in 2009. He was graduated with a bachelor's degree in accounting from Beirut Arab University in 1999. He had also received a Diploma in Commerce in 1991.

Mr. Al-Marri currently holds the position of Director of the Internal Audit Department at General Retirement and Social Insurance Authority (GRSIA).

He has 34 years of experience in the management of financial and administrative affairs, human resources. Mr. Al-Marri participated in developing GRSIA strategic plans, objectives, vision, mission and reflection in achieving the general objectives of GRSIA in a manner that leads to improved effective performance.

Other positions*: Nil

Number of shares in GIS: Nil

APPENDIX: BOARD OF DIRECTORS BIOS



Sheikh Jassim bin Abdullah Al-Thani

BAC member

Non-Executive / Independent Member, representing Qatar Investment Authority

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.

Other positions*: Nil

Number of shares in GIS: Nil



Mr. Mohammed Nasser Al-Hajri

BAC Chairman

Non-Executive member / Independent, representing Qatar Electricity & Water Company

Qualifications and experience:

Mr. Mohammed Nasser Al-Hajri holds a Master's degree in Gas Engineering from University of Salford in the United Kingdom and Bachelors' degree in Chemical Engineering from Qatar University.

He joined QatarEnergy in 1991 and brings a wealth of business and operational experience of more than 30 years of upstream and downstream oil & gas and manufacturing industries.

Mr. Al- Hajri held different leadership roles in QatarEnergy since 1991 and his last position was Executive Vice President of Downstream Development Directorate.

Other positions*: Managing Director and General Manager of Qatar Electricity & Water Company (QEWCo)

Number of shares in GIS: Nil

*Positions on the Boards of other public shareholding companies. GIS Directors may also have positions in other entities / companies.



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