

# Fifth Corporate Governance Report (2014)

SIIL

Salam International Investment Limited

Issued by:

Board of Directors-Salam International Investment Limited

on

01/02/2015

## CORPORATE GOVERNANCE

### PREAMBLE

Pursuant to the Listed Companies Governance Code, with regard to the companies subject to the control of Qatar Financial Markets Authority, issued by the Board of Directors of Qatar Financial Markets Authority, (Referred to hereafter as "Authority") released in in 2009, and amended in 2014, notably Article 30 thereof Salam International Investment Limited (SIIL) (Q.S.C.) (Referred to hereafter as "the Company") prepared the First Annual Report (2010), which included the measures taken by the Company to abide by the provisions of the Code and compose the Board of Directors (Referred to hereafter as "the Board") and abide by the rules and conditions governing the disclosure and listing in Qatar Exchange.

Salam International (SIIL) also prepared its Second Annual Report (2011), which includes the Board's assessment of the compliance of Salam International with the provisions of the Code. Salam International (SIIL) has prepared the Third Annual Report (2012), which includes an update of the modular sections from the two previous reports, in addition to the achievements of the Company during 2012 in the implementation of the Code. SIIL prepared the Fourth Annual Report for 2013. The Fourth Annual Report includes updates of the modular sections from previous reports, in addition to Company achievements in 2013, in accordance with the Code.

Now, SIIL is pleased to forward the Fifth Annual Report (2014) (Referred to hereafter as "the Report") which, includes the modular sections in addition to Company achievements in 2014, in the implementation of the Code.

## Chapter One

### 1. Company Achievements in 2014 in Accordance with Corporate Governance Code

The Company has continued in 2014 to satisfy the requirements of the Code and comply with its rules and provisions. It has achieved a number of accomplishments set forth below:

#### 1-1 Board Charter:

After being approved by The Board, the Charter was offered for review by the General Assembly meeting convened on 24/04/2014. The Assembly was notified that the Charter has been posted on the Company website, implementing of Article 4 of the Corporate Governance Code.

#### 1-2 Board Committees:

The Board committees were formed in 2013 as stipulated in the Code, in implementation of the provisions of Articles 15-18 of the Code. The Board also adopted the frameworks and bylaws for those committees, which are as follows: Audit Committee, Remuneration Committee, Board of Directors Nomination Committee (Membership Committee). Moreover, the Committees frameworks and bylaws were posted on the Company website. A copy of the same was sent to M/S Qatar Financial Markets Authority. Furthermore, Chapter Two herein includes a detailed clarification of the aforementioned committees.

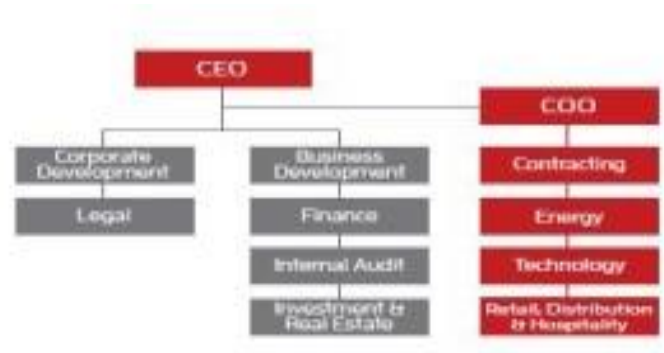
#### 1-3 Internal Control:

The Company in 2014 has renewed the appointment of an independent external advisor to perform the internal control duties stipulated in Article 19 of the Companies Governance Code. These duties are as mentioned in Clause Five below.

#### 1-4: Organization Structure:

The diagram below shows the central functions at the Company general management, the major sections of the Company, under which lies the subsidiaries and operational business units of the Company.

- CEO
- COO-Contracting-Heavy Industries & Energy-Technology-Luxury and Hospitality-Construction & development (Salam Bounian)
- Business Development-Finance-Internal Audit
- Corporate Development-Legal



#### 1-5 Training and Workshops:

1-5-a: The Board of Directors

Further to the three workshops held in 2013 by the Board of Directors to familiarize the Board members with the Code provisions, their relevant duties in addition to the activities of the Company and its subsidiaries, the higher executive management continued regularly to familiarize the Board members with the activities of subsidiaries, working units, work plans and results achieved herewith. Furthermore, in 2014 the Board held a workshop to familiarize the Board Members with the provisions of the updated Governance Code for share companies listed within the main market issued by the Qatar Financial Markets Authority.

#### 1-5-b: Staff Training at the Company:

In pursuance of the training programs conducted by the Company for Higher and Middle Management during the past years, the human resources section at the Company measured the results of said programs and their effects on Company performance. This step assisted in the preparation of new training programs. The human resources section has thereafter embarked on designing new training programs for staff to be applied starting 2015.

## Chapter 2

### 2-Board of Directors

#### 2-1 Board Composition:

The incumbent Board of Directors was elected early 2012. Its tenure extends from the start of 2012 until the approval of financial statements of 2014.

Below is a brief introduction to the esteemed Board Members, showing the number of shares and percentage of the Company capital.

#### 2-1-a: Members and Equity as of 31/12/2014:

Name	No. of Shares	Percentage
<b>Mr. Issa Abdulsalam Abu Issa</b> <b>Chairman</b>	23'156'223	20.26%
<b>Mr. Hussam Abdulsalam Abu Issa, Vice Chairman</b>	9'835'297	8.60%
<b>HE Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani</b> <b>Representing Doha Insurance Company</b> <b>Board Member</b>	270'000	0.24%
<b>Mr. Nasser Suleiman Haidar Al Haidar</b> <b>Board Member</b>	255'768	0.22%
<b>HE Sheikh Ali Bin Ghanem Al-</b>	100'000	0.09%

<b>Thani Ali bin Ali Ghanem Al-Thani Group representative Board Member</b>		
<b>Mr. Hani Abdel-Kader Al Kadi Jordan Arab Investment Bank representative Board Member</b>	451'039	0.39%
<b>Mr. Ali Haider Suliman Al Haider Suliman Brothers Company representative Board Member</b>	100'000	0.09%
<b>Mr. Jassim Mohammed Abdul Ghani Al Mansouri Board Member</b>	100'000	0.09%
<b>Mr. Bassam Abdulsalam Abu Issa Board Member</b>	3'194'222	2.79%
<b>Mr. Badr Ali Al Sada Board Member</b>	100'000	0.09%
<b>Mr. Abdulsalam Issa Abu Issa Board Member</b>	100'000	0.09%
<b>Dr. Adnan Ali Steitieh Board Secretary</b>	43'010	0.083%

2-1-b: The members of the Board as per their capacity:

• **Independent Members:-**

- Mr. Ali Haider Suliman Al Haider (representing Suliman Brothers Company)
- Mr. Hani Abd-el-Kader Al Kadi (representing the Arab Jordan Investment Bank, Qatar)
- H. E. Sheikh Ali Bin Ghanem Al-Thani (representing Ali Bin Ghanem Al-Thani Group).
- Mr. Jassim Mohammed Abdul Ghani Al Mansouri.
- Mr. Badr Ali Al Sada.

• **Non-independent and non-executive Members:-**

- H.E. Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani (representing Doha Insurance Company).
- H.E. Mr. Nasser Suleiman Haidar Al-Haidar.

• **Executive (Non-independent) Members:-**

- Mr. Issa Abdulsalam Abu Issa (Chairman and CEO)
- Mr. Hussam Abdulsalam Abu Issa (Vice-Chairman and COO)
- Mr. Bassam Abdulsalam Abu Issa (Executive Director)
- Mr. Abdulsalam Issa Abu Issa (Deputy COO)

The membership of the incumbent Board of Directors expires once the financial results for the year 2014 are approved. It is expected that a new Board of Directors will be elected before the end of the first quarter of 2015.

The brief description for each member of the Board of Directors is posted on the Company website at : [www.salaminternational.com](http://www.salaminternational.com)

## **2-2: Board of Directors Membership Conditions:**

The following conditions must be met to qualify for membership of the Board:

2-2-a : The candidate must not be less than twenty-one (21) years old.

2-2-b: The candidate must not be previously convicted of a penal crime, crime relevant to honor or integrity or of any of the crimes mentioned in Articles 324 and 325 of Corporate Law No. 5/2002 "the Law" unless he was exonerated.

2-2-c: He must own one hundred thousand (100,000) shares in the Company.

2-2-d: He must deposit one hundred thousand (100,000) of his shares that he owns at one of the approved banks within sixty (60) days of the start of the membership or have them annotated as management shares at QE in order to guarantee the rights of the Company, shareholders, creditors and others from any liability held by the members of the Board. Such deposit of shares shall continue and such shares shall be non-negotiable, not subject to mortgage or seizing until the expiry of the membership, and approval of the budget for the last fiscal year of his membership term.

2-2-e: Individuals appointed at the Board in consideration for their acquisition of ten percent (10%) of the Company shares shall deposit all the shares of such percentage at an approved bank or have them annotated at QE as management shares in return for membership of the Board. In case of termination of membership for any reason whatsoever, the management shares shall be governed by the same provisions of the previous paragraph.

2-2-f: The candidate must have a degree from a recognized university, or its equivalent. Or must have at least 5 years of experience in the field of management of shareholding companies.

2-2-g: As soon as elected, each member must sign an Acknowledgement Note in which he shall undertake to commit to adhere to the content of the Memorandum of Association and the Statute of the Company as well as any other laws or regulations that regulate the shareholding companies and their board members.

2-2-h: Sign an acknowledgement for meeting the Board membership conditions in accordance with the provisions of the law, the Governance Code and the Statute.

2-2-i: Any moral person or natural person representing a moral person as a member of the Board or appointed to the Board must at all times comply with the guiding principles mentioned in the Governance Code and the Board Charter.

### **2-3: Termination of Membership:**

The membership of any Board member shall be terminated under the following conditions:

2-3-a : Violation of any of the Board membership conditions stated in 2-2 above, or failure to comply thereto.

2-3-b: Failing to attend three (3) consecutive meetings of the Board or five (5) non-consecutive meetings without acceptable cause, during membership tenure.

2-3-c: Resignation from Board upon a written notice approved by the Board as per the provisions of the Law.

2-3-d: Violation of the provisions of Article 97 of the Law.

2-3-e: Failure or losing later on his worthiness, suitability or good reputation.

2-3-f: Any member of the Board may withdraw from the Board provided it shall be done at a convenient time. Otherwise, he shall be held responsible by the Company.

### **2-4 Executive Procedures to Elect the Board of Directors:**

2-4-a: The Secretary of the Board shall file an application with the Ministry of Economy and Commerce (Referred to hereafter as "The Ministry") requesting approval for conducting Board elections.

2-4-b: Upon approval by the Ministry, the General Assembly is called to convene via advertising in the local newspapers and the door for candidacy is opened. This shall take place one month prior to the date on which the General Assembly is to be held, in order to elect the new Board.

2-4-c: The Ministry of Economy and Commerce, the Authority, QE and any other concerned authorities shall be notified of the opening for Board candidacy and of the conditions that are required to be met by the candidates.

2-4-d: During the announced duration, applications for nomination and appointment are received and referred to the Board Membership Committee for consideration and preparation of the list of candidates.

2-4-e: The Board members' election shall be by means of voting through a secret ballot, during the General Assembly meeting.

2-4-f: The Ministry of Economy and Commerce, the Authority, QE and any other concerned authority shall be informed of the names of the new Board members.

2-4-g: QE shall be requested to annotate the shares of the new members as seized, as per the conditions of the membership. It is also requested to remove the seizure from the shares of the old members whose term has expired at the Board and who have been cleared by the General Assembly for the last year during which they practiced their duties as Board members.

2-4-h: The annotation in the Commercial Register shall be publicized and a new Commercial Register shall be issued.

2-4-i: The Board decision regarding the authorized signatories shall be amended.

### **2-5 Duties of Board Members (Executive and non-Executive):**

#### **2-5-a : Prudence and Care Duties of the Board Members:**

(1) Any member of the Board shall act in good faith and shall be careful and attentive as any normal person would be in protecting his own money in similar circumstances and shall act in the interest of the Company.

(2) Any member of the Board shall seek to be fully aware of all related matters, including consulting external experts when necessary and taking independent decisions when voting over issues related to the interests and activities of the Company. He shall also exert effort to know about

the Company decisions and related matters and shall take the appropriate measures to exercise the supervisory role over the administration and financial status of the Company.

(3) Any newly elected member of the Board shall, when elected, familiarize himself with the Company structure, administration, activities, operations and all information that may enable him perform his duties and responsibility in the most perfect and complete manner.

**2-5-b: Loyalty Duties in Cases of Conflicts of Interests and Transactions with Related Parties:**

Members of the Board owe their loyalty to the Company and its shareholders. This trust-based duty requires the members of the Board to give priority to the interests of the Company and its shareholders over their own personal interests and interests of the related parties. They must always work in good faith and total transparency.

Each Board member shall abstain from:

(1) Working for his own account when the concerned Board member, a direct family member, his main partners or any other closely-related party has interests from such transactions that may contradict with the interests of the Company.

(2) Performing activities competing with the Company. Such limitation shall not apply where the competition is public, in accordance with the prevailing norms and with the provisions of the Law and the applicable regulations.

(3) Taking over the opportunities offered to the Company. Such limitation shall not apply where the opportunity was offered to the Company which rejected the same.

(4) Explicit, potential and actual conflicts of interests. In the case of conflicts of interests, the member of the Board shall totally disclose such a case, abstain from voting on the related item or abstain from attending during the presentation of the concerned item to the Board for voting, in the case where the Board decides to cast the matter for voting.

(5) Use any information to realize personal benefit for himself, for closely-related third parties or for others.

(6) Conducting any business or deal that does not comply with the applicable laws and regulations.

**Policy on Conflict of Interests**

The Company prohibits the Chairman of the board, Board Members, executive managers and all Company staff from exploiting any piece of information that has come to their knowledge due to working at the Company, in order to realize benefit for oneself, direct relatives or any closely connected party, as a result of handling Company share. Also, Board Members, executive managers confirm allegiance to the Company and its shareholders. This duty requires from the Board members and executive managers to put the interest of the Company and its shareholders over the interest of their own or their relatives and relations. Priority shall be given to the interests of the Company and its shareholders. Work shall always be conducted in good faith and total transparency.

A Board Member and Executive Manager shall refrain from:



1-Performing activities competing with the Company, or trade for his own account or for the accounts of others within a branch of activity that is practiced by the Company. Otherwise, the Company shall request compensation or considers that the transactions were conducted for its account. Such limitation shall not apply where competition is public, in accordance with the prevailing norms and with the provisions of the Law and the applicable regulations.

2- Taking over the opportunities offered to the Company: Such limitation shall not apply where the opportunity was offered to the Company which rejected the same.

3- Explicit, potential and actual conflicts of interests: In the case of conflicts of interests, the member of the Board shall totally disclose of this conflict.

4-In the case that an issue involving conflict of interest, or any business dealing between the Company and any Board Member, or party that is related to Member, then the subject Member is not permitted at all to vote regarding such a transaction.

And in any case, such a transaction shall be performed according to market prices at business and purely business basis, and shall not include clauses that are detrimental to Company interests.

5- As an exception from contracting and public tenders, the Company Chairman, Board members or any Company director may not have a direct interest in the contracts, projects and commitments made for the account of the Company, unless with an approval by the General Assembly thereon. Provided that such deals and contracts must meet the condition of being fair to the Company. In the event where such contracts and commitments are of a periodic and renewable nature, the approval of the General Assembly shall be annually renewed. In all cases, any of the aforementioned parties having an interest shall refrain from attending any General Assembly or Board sessions in which the subject relevant to him is discussed.

#### **2-5-c: Board Member Duties of Compliance with the Authorizations Granted by the Company:**

(1) The Board Members shall work within the scope of the authorization and jurisdictions granted to them, pursuant to the Statute, the decisions of the General Assembly, decisions of the Board and the applicable relevant laws and regulations. The Board members who exceed their authorizations shall be liable for the losses incurred by the Company as a result of over stepping jurisdiction.

(2) The Board Members shall perform efficiently and actively work to comply with their responsibilities towards the Company.

(3) To ensure the attendance of members of the Nomination, Remuneration and Auditing Committees, in addition to internal auditors and representatives of external auditors at the General Assembly meetings.

(4) The Company is not permitted to offer monetary loans of any type to any Board member or secure any loan taken by a member from third parties.

(5) The Chairman and Board members shall not participate in any business that competes with the Company's business, trade for his own account or for the account of others in one of the activities practiced by the Company. Otherwise, the Company may claim compensation or may deem the operation that he undertook, to be done for its account.

(6) No Board member whose membership was terminated shall have the right to claim any rights or compensations from the Company, except for the earned remuneration.

(7) With the exception of government representatives or individuals who own at least 10 % of the Company's capital shares, no individual may, in his personal capacity or in his capacity as representative of one of the non-natural person entity, be a member of the Board at more than three shareholding companies based in the State of Qatar. Nor is it possible for said individual to serve as chairman or vice-chairman in more than two companies based in the State of Qatar. In all events, no individual may, in his personal capacity or as representative of a non-natural person entity, serve as a managing director at more than one company based in the State of Qatar nor shall serve as member of the Board of two companies with similar activities. Otherwise, the membership shall be terminated. He shall thus have to return to the Company all the compensations he collected from the date of membership termination.

(8) In the case of any conflict of interest, or any deal between the Company and a member of the Board or any party closely-related to such member, during the meeting of the Board, such issue shall be discussed in the absence of the concerned member, who shall have absolutely no right to participate in voting over the deal. In any case, the deal must be made on the basis of the market price and on a purely commercial basis without any conditions conflicting with the interest of the Company.

(9) As an exception from contracting and public tenders, the Company Chairman, Board members or any Company director may not have a direct interest in the contracts, projects and commitments made for the account of the company, unless with an approval by the General Assembly thereon provided that such deals and contracts must meet the condition of being fair to the Company. In the event where such contracts and commitments are of a periodic and renewable nature, the approval of the General Assembly shall be annually renewed. In all cases, any of the aforementioned parties having an interest shall refrain from attending any General Assembly or Board sessions in which the subject relevant to him is discussed.

#### **2-5-d: Duties of Independent and Non-Executive Board Members:**

(1) Participate in Board meetings, give independent opinions about strategic matters, Company policies, procedures and performance as well as accountability, basic nominations and work standards.

(2) To ensure that priority is given to the interests of the Company and shareholders in case of any conflict of interest.

(3) Participate at the Audit Committee of the Company.

(4) Monitor the Company performance in achieving its agreed targets and goals. Review Company performance reports, including the annual, semi-annual and quarterly reports.

(5) Supervise the development and implementation of Company governance procedural rules.

(6) To benefit the Company from their skills, experiences and expertise, specializations and qualifications whether in the conduct of the business of the Board or its various committees for the benefit of the Company

by regularly attending Board meetings, actively participating in General Assemblies and understanding the opinions of the shareholders in a fair and balanced manner.

(7) The majority of the non-executive independent Board members may require for the opinion of an independent advisor, at the expense of the Company, in any matter related to the Company.

#### **2-6: Chairman's Duties:**

2-6-a: The Chairman is the head of the Company and is in charge of ensuring the proper workflow of the Board's business in a suitable and efficient manner, including providing the Board members with complete and correct information at the right time.

2-6-b: The Chairman is not permitted to be a member in any of the Board committees stipulated in the Code.

2-6-c: In addition to what is stipulated in the Board Charter, the duties and responsibilities of the Chairman include, but are not limited to the following:

(1) Ensure the Board discusses all the key matters in an effective and timely manner.

(2) Approve the agenda for each Board meeting, taking into consideration any matter proposed by any Board member. The Chairman may delegate this task to another member or to the Board Secretary. Nevertheless, the Chairman shall remain responsible for the performance of such task in a suitable manner by the mentioned Board member or Secretary.

(3) Encourage all Board members to fully and actively participate in running the Board affairs in order to ensure that the Board handles its tasks in the interests of the Company.

(4) Ensure effective communication with the shareholders via the Shareholders Affairs Department and communicating their opinions to the Board.

(5) Allow the non-executive Board members, in particular, to actively participate and encourage constructive relationships among the executive and non-executive Board members.

(6) Ensure an annual assessment is made of the Board's performance.

#### **2-7: Board Duties and Responsibilities:**

The Board generally holds all powers and authorities to run the Company and engage all the business as required by such management in accordance with its objective. These powers and privileges shall only be constrained by the Law, Company Statute or decisions of the General Assembly. The Board shall handle, in particular, the following responsibilities:

2-7-a: The Board shall be jointly responsible for the proper supervision of the Company management in a suitable manner.

2-7-b: Ensure compliance with the relevant laws and bylaws, as well as with the Memorandum of Association and the Statute of the Company.

2-7-c: Prepare the Company balance sheet, and profits and loss account, in addition to a report of its activities for presentation to the General Assembly.

2-7-d: Protect the Company from illegal, arbitrary or inappropriate business and practices.

2-7-e: Gain skills in financial, commercial and industrial matters related to the Company operations and activities.

2-7-f: The Chairman and Board members shall be jointly responsible for compensating the Company, shareholders and others, for any damage that may arise from fraud, power abuse, violation of the provisions of the law or Company Statute, or for any administrative error. Any condition stipulating otherwise shall be rendered void.

2-7-g: The Board members collectively shall be held responsible as stipulated in Article (112) of the law for any misjudgment in a decision taken unanimously. As for the decisions issued by majority, the objectors shall not be held accountable, once their objection is proven in writing in the minutes of the meeting. Absenteeism from a meeting where the decision was taken shall not be deemed a reason to be exempt from responsibility, unless it was proven the absent member did not know of the decision or could not object to the decision after being informed thereof. The Company may legally prosecute the Board members for responsibility against the errors which lead to damages incurred by all the shareholders within five years of the occurrence of the error or the default.

2-7-h: The Company shall commit to the business conducted by the Chairman and Board members within their scope of specialties. It shall also claim compensation for the damages arising from illegal actions taken by the Board members.

2-7-i: No decision taken by the General Assembly to release the Board members of their responsibility for the errors committed by them during their term, shall result in the abatement of the liability claim. If the act, subject to accountability, was presented to and validated by the General Assembly, the liability claim shall be abated with the passage of five years as of the date of such Assembly. Nevertheless, if the act attributed to the Board members is a crime, the claim shall not be abated unless the public prosecution abated the lawsuit.

## **2-8 Other Board Tasks:**

2-8-a : Follow-up on the developments and updates in Governance and best related practices.

2-8-b: Ensure all disclosure processes done by the Company are providing accurate, correct and non-misleading information.

2-8-c: Approve the Company's strategic goals, nominate and replace directors and determine their remunerations, review the performance of the management and ensure succession for the Company management.

2-8-d: Ensure the treatment of employees as per the principles of fairness and equality without discrimination on the basis of ethnicity, gender or religion.

2-8-e: Adopt a policy for remuneration and incentives that guarantee the best interests of the Company. This policy should take into consideration the long-term performance of the Company.

2-8-f: Adopt a mechanism or process that allows staff to report behaviors that are suspicious, illegal or detrimental to the Company. The Board upon confirmation that the complaint is valid and is not vexatious, shall ensure secrecy for the whistle blower and provide the required protection from any harm or negative reaction by other staff or his superiors.

2-8-g: Adopt a clear policy for the distribution of dividends and submit the same to the General Assembly. The presentation of the policy must include a clarification about the background and a justification of the policy, so as to ensure sustainable growth and achieve the interests of both the Company and the shareholders.

2-8-h: At least three days prior to the General Assembly meeting, which aims at looking into the Company balance sheet and the Board report, prepare and put at the disposal of the shareholders for their perusal, an annual detailed statement. The statement shall include the following data:

(1) All amounts received by the Chairman and members of the Board of Directors, whether wages, fees, salaries or consideration for attending Board meetings and allowances. That, in addition to what each of them received as a technical or administrative employee or in return of any technical, administrative or consultancy work done for the Company.

(2) Benefits in kind enjoyed by the Chairman and members of the Board of Directors during the fiscal year.

(3) Remuneration that the Board proposes to distribute to the Board members.

(4) Allocated amounts for each current and previous Board member as salary, reserves or end of service compensation.

(5) Operations in which one of the Board members or managers might have an interest that is in conflict with the company's interest.

(6) The amounts actually spent on advertising in any media with the relevant details of each amount.

(7) Donations, with details of the party donated to, donation credentials and details.

The mentioned, detailed statement, must be signed by the Chairman and one Board member. The Chairman and Board members shall be responsible for implementing the provisions herein and for the validity of the information in all the documents and statements which stated their preparation.

2-8-i: The Ordinary General Assembly shall determine the remuneration for the Board members. The total of these remunerations may not exceed (10%) of the netprofits after deducting the depreciation, reserves, provisions and distributing dividends of no less than 5% of the capital to the shareholders. It is permitted that Company Statute stipulates that Board members receive a lump sum in the event where the Company fails to make profits. In such a case, the approval of the General Assembly shall be required and the Ministry may impose a ceiling for such amount.

2-8-j: The Board must call for the General Assembly to convene whenever the auditor requests. If the Board fails to effect the call for invitation within fifteen days of such request, the auditor may address the invitation

directly, after obtaining the approval of the Ministry. Also, the Board must invite the General Assembly to convene whenever asked by one or many shareholders with no less than (10%) of the capital and for serious reasons, within fifteen days of the request; otherwise the Ministry shall, pursuant to the request of such shareholders, send the invitations at the expense of the Company. The agenda shall be limited, in such case, to the subject of the call.

## **2-9 Secretary of the Board:**

### **2-9-a: Secretary Qualifications and Appointment:**

The Secretary of the Board shall in general assume complete supervision regarding organizing of all the meetings and activities of the Board, its committees and the Company's General Assembly. He shall also follow-up on the implementation of the Board decisions and Chairman instructions.

The Board Secretary shall be appointed upon a decision issued by the Board during the term of the Board and shall be reinstated with the election of every new Board.

The current Board Secretary has the required qualifications. He has a Higher Diploma in Economics and Management and a degree in Law and Political Sciences. He also serves as an international arbitrator appointed by The Qatari International Center for Arbitration. He is a non-resident associate professor at Qatar University. He has about 35 years of practical experience and 14 years' experience in managing the affairs of a listed company.

### **2-9-b: Secretary Duties:**

The Board Secretary shall handle, in particular, the following tasks:

- (1) Prepare the draft agenda for the meetings of the General Assembly and the Board.
- (2) Arrange for and document the minutes of the meetings of the Board.
- (3) Prepare drafts of the decisions of the General Assembly and Board.
- (4) Circulate the relevant decisions of the General Assembly and the Board to the subsidiaries and concerned departments.
- (5) Ensure the proper communication and distribution of information and coordination among the Board members and the other stakeholders at the Company, including the shareholders, administration and staff and ensure the access of all Board members fully and promptly to all minutes of the Board meetings, information, documents and records related to the Company.
- (6) Follow-up on the implementation of the Board decisions and Chairman instructions.
- (7) Sign all Company correspondence related to the implementation of his assigned tasks, whether those aforementioned or any other additional tasks that he might be assigned with.
- (8) Coordinate with the various Board committees in general.
- (9) Enable all Board members to make use of the services and advice of the Board Secretary within the scope of his duties.
- (10) Any other tasks pursuant to assignment by the Board or Chairman.

### **2-10: Electing Board Members:**

In accordance with the provisions of the Law, the members of the Board of Directors are elected by the General Assembly of the Company. For the membership of the Board of Directors, it is mandatory that the member owns one hundred thousand of the Company's shares in addition to meeting the conditions set forth in the Article (96) of the Law.

*Note: While the above articles remain valid, the Company cannot implement the provisions of the Governance Code conflicting with the provisions of the Law.*

### **2-11: Cumulative Vote:**

The Company did not implement the principle of cumulative vote in the Board of Directors elections as it

contradicts with the applicable Commercial Companies Law in force.

**2-12: Chairman and Chief Executive Officer (CEO):**

The administrative and organizational structure of Salam International is designed on a decentralized basis, whereby subsidiaries are grouped into four heterogeneous key sectors, each is managed by an Executive Director with the wide ranging authority to determine the work goals, plan and budget, as well as the authority to appoint staff. Therefore, although the Chairman retains his position as Chief Executive Officer, however it can be stated that there is some sort of separation between the two positions, due to the decentralization of the decision making, as detailed above.

**2-13: Board Meetings:**

The Board shall convene regularly or upon the Chairman's invitation, or upon the call by two Board members at least, pursuant to the Company Statute. The invitation for the meeting must be addressed to all Board members at least one week prior to the date of the meeting. Items may be added to the agenda upon the request of any member.

The Board must convene at least six times during the fiscal year of the Company. It is not permitted that a full two-month period may pass without holding a Board meeting. The provisions of Article 103 of the Law shall apply on the organization of the Board meetings.

The Board of Directors held 9 meetings during the year 2014. Thus, the Board of Directors has met the requirements of Article 103 of the Law and Article 27 of the Statute of the Company.

Following is a table compiling details of Board Meetings in 2013

Meeting No.	Date	Members Attending in Person	Members Attending By Proxy	Absenteeism
1/2014	14/01/2014	11	-	-
2/2014	02/02/2014	9	2	-
3/2014	24/02/2014	9	1	1, due cause
4/2014	21/04/2014	9	2	-
5/2014	18/06/2014	11	-	-
6/2014	24/07/2014	9	2	-
7/2014	22/09/2014	10	1	-
8/2014	21/10/2014	10	1	-
9/2014	15/12/2013	10	1	-

**2-14: Board Committees:**

Three specialized committees shall help the Board in the performance of its duties:

2-14-a **Audit Committee** (Committee Composition- Framework, Bylaws and Internal Audit Management- Committee Activity).

**It consists of the following gentlemen:**

Mr. Ali Haider Suliman Al Haider	Chairman
Sheikh Ali Bin Ghanem Al-Thani	Member
Mr. Badr Ali Al Sada	Member
Mr. Hani Abd-el-Kader Al Kadi	Member
Mr. Hussam Abdul Salam Abu Issa	Member

**Framework and Bylaws for Audit Committee and Internal Audit Management :**

**First: Committee Structure, Composition and Bylaws:**

(1) The Committee shall be composed of no less than three members. The majority of committee members must be independent members. The committee must include at least one member with financial experience in auditing. If the number of independent members available is not sufficient to form the membership of the committee, non-independent members may be appointed, provided that the chairman of the committee is independent.

(2) No individual currently working or who was working for the external auditors of the Company during the past two years may be a member of the Audit Committee in any case.

(3) The Committee shall convene four times a year at least (every three months) and whenever need arises. It shall convene either upon the call of its chairman or upon the request of two of its members. The Committee members shall be informed of the date of the meeting, either in writing or via email 5 work days prior to the date of the meeting.

(4) The members of the Committee, in its first meeting, shall develop, approve and adopt the Committee work plan, setting forth its role and basic responsibilities, in addition to appointing the Committee Secretary.

(5) The Committee shall publish its framework once it is approved by the Board.

(6) The minutes of the meetings of the Committee shall be recorded in a log; and all the attending members of the Committee shall sign the minutes. A copy thereof shall be sent to the Secretary of the Board.

(7) The Committee shall develop a bylaws system to guarantee expedient completing its agenda and issuing its decision, in addition to supervising the implementation of those decisions. The committee quorum shall be present with the attendance of two thirds of its members.

(8) The decisions of the Committee shall be taken in concordance between the members; in case that fails, the opinions of the members shall be documented and decisions shall be issued with a two-thirds majority.

(9) In case of any conflict between the recommendations of the Committee and the Board decisions, including when the Board declines to follow the recommendations of the Committee, with respect to the external auditor, the Board must ensure that the Corporate Governance reports detail such recommendations and the reasons for failing to abide thereby.

(10) The Committee Secretary shall coordinate and document its work, maintain all the minutes of the meetings and guarantee full and prompt access to information, documents and meeting minutes to all Committee members.

(11) It is permitted that the Committee holds its meetings remotely, using closed circuit TV (CCTV), conference calls or by exchanging emails, provided that such meetings are documented and signed by its attending members. Otherwise, they shall be deemed void. Attendance may be by proxy, however it is not



permitted that a member represents more than one absent member, and that the number of actual attendees shall not be no less than the majority of the Committee members.

(12) The Committee shall be formed upon the decision of the Board. The Committee shall be reformed with every re-election of the Board. It is permitted to re-compose the committee before end of term of incumbent Board, whenever need arises.

**Second: Committee Framework Jurisdiction:**

The Committee shall in general handle all matters related to the flawlessness of the financial policies procedures and controls and risks management. It shall handle the following tasks in particular:

(1) Adopt the policy to contract with external auditors.

The Committee shall submit to the Board all matters requiring, in the opinion of the Committee, certain measures, complete with the recommendations regarding the precautions, measures or steps to be taken.

(2) Supervise and follow up on the independence and objectivity of external auditors. To discuss with external auditors the nature, efficiency and scope of the auditing with them, in accordance with international auditing criteria and international standards for financial reports, and review their action plans.

(3) Provide recommendation to the Board regarding the appointment of an internal audit manager.

(4) Supervise the accuracy and validity of financial data, annual, semi-annual and quarterly reports and review said data and reports, focusing, in particular, on the following:

- a) Any changes in the accounting policies, applications and practices.
- b) The aspects subject to the judgment discretion of the top executive management.
- c) The key amendments arising from the audit.
- d) The Company continuity and successful continuation of Company activities.
- e) Compliance with the adopted accounting criteria.
- f) Compliance with the disclosure regulations and other requirements related to financial reporting
- g) Compliance with the listing rules.

(5) Meet with the external auditors at least once a year.

(6) Study any important and extraordinary matters included in the financial reports and periodic and closing accounts statements, carefully examining any matters brought in by the Company's Financial Director, compliance officer or external auditors.

(7) Supervise the internal audit management and the risk management. Or supervise the same activities, if they were provided by an external consultancy firm.

(8) Review the internal, financial control systems and the risk management systems.

(9) Evaluate the efficiency and adequacy of the internal audit program scope and system.

(10) Discuss the internal control system with the management and ensure performance by the management of its duties with regards to developing an efficient internal control system.

(11) Review results of investigations relevant to internal control matters.

(12) Ensure coordination among the internal and external auditors.

(13) Periodically, and whenever required, review the financial and accounting policies and procedures of the Company.

(14) Develop a confidential reporting system for the stakeholders with regards to any suspicious matters in the financial reports or internal control. Ensure independent and fair investigations in these matters and protect the reporting party from any negative reaction or damage.

(15) Check the compliance of the Company with the right professional code of conduct in the adopted policies.

(16) The Committee may use experienced and specialized individuals if necessary at the expense of the Company.

(17) It is permitted that the Committee obtain any information and data with a view to play its role and invite any of the Board members or the High Executive Management of Salam International and its subsidiaries to attend its meetings and discuss a specific matter to be stated in the meeting invitation.

(18) The Committee shall file periodic reports regarding the results of its business and its recommendations to the Board for validation and adoption within the Company policies.

(19) The Company shall handle any other tasks assigned by the Board and within the scope of its specialization.

#### **Committee Activity in 2014:**

- (1) The Committee held six meetings in 2013. The Committee reviewed during said meetings the 2014 budget and the closing financial data for 2013. The Committee also reviewed early February 2015 the closing financial data for 2014, in implementation of Article 17 of the Corporate Governance Code.
- (2) The Committee has within 2012 adopted the policy regarding assigning external auditors, then updated said policy towards the end of 2014 and early 2015, as follows:

#### **SILL Policy regarding Appointing External Auditors**

The Policy of SILL to contract with external auditors (Referred to hereafter as the Policy) is based upon Article 14 of the Corporate Law No. 5/2002, and upon Article 20-5 of the Governance Code regarding listed companies issued by the Qatar Financial Markets Authority (Referred to hereafter as the Authority), and upon the bylaws governing the external auditors and financial estimators for listed parties as issued by the Authority.

The Policy comprises the following:

- a-The Company shall have an accounts auditor (external auditor) appointed by the General Assembly for one year. The General Assembly shall approve its remunerations, based upon recommendation from the Board.
- b-It is permitted that the General Assembly appoints the accounts auditor for consecutive years.
- c-In the case of re-appointing an auditor, the maximum appointment shall not exceed five consecutive years.
- d-It is required that the auditor be an international or regional accounting firm.
- e-It is required that the auditor be duly registered at the Ministry of Economy and Commerce, listed in the tables of approved external auditors at the Authority or any relevant specialized party, in accordance with the laws and regulations in effect at the State of Qatar.

e-The auditor shall meet the obligations as stated in Article 9 of the regulations for external auditors and financial estimators as issued by the Authority.

f-To inform both the Ministry and the Authority with the name of the auditor nominated by the Board.

g-The auditor shall perform the following:

1-Monitor and audit Company accounts, in accordance with the approved auditing practices, Authority requirements and the technical and professional basis of the profession.

2-Check the budget and the profit/loss account.

3-Implement the Law and the company Statue.

4-Inspect the Company financial and administrative systems, its internal financial control systems and ascertain their suitability to the well being of Company business and preservation of its assets.

5-Verify the Company assets and their ownership, confirm the legality of the liabilities and their authenticity.

6-Review Board resolutions and instructions to the Company.

7-Any other duties that an auditor is required to perform in accordance with the law governing the auditors practice and other relevant regulations and norms of the auditing business.

8-Provide a written report to the General Assembly about its function, and assign or deputize to read the report to the General Assembly. A copy of the report shall be sent from Auditor to the respective authority.

h-The aforementioned report by the auditor shall include the following:

1-He has obtained the information, data and clarifications that he considers to be important to perform his job.

2-That the Company keeps regular book, records and documents in accordance with the internationally-recognized accounting principles which enables the showing of the financial position of the Company and the results of its operations in a fair manner, and that the balance and the profit/loss accounts are in accordance with books and records.

3-That the auditing procedures he conducted for the Company accounts are in his opinion sufficient to construct a reasonable basis for his opinion regarding the Company financial position, results of operations and Company cash flows, in accordance with internationally recognized auditing rules.

4-That the statements provided with the Board report to the General Assembly are in accordance with Company records and books.

5-That the inventory was conducted in accordance with required procedures.

6-The violations to the Law or Company Statue that were committed during the subject audit year which have appreciable results on the Company operations and financial position, and whether said violations are still standing , within the limit of his information.

**2-14-b Remuneration Committee** (CommitteeComposition-Framework and Bylaws, Committee Activity)

**The Committee consists of the following gentlemen:**

Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani	Chairman
Mr. Nasser Suleiman Haidar Mohammed Al-Haidar	Member
Mr. Jassim Mohammed Abdul Ghani Al Mansouri	Member
Dr. Adnan Ali Steitieh	CommitteeSecretary

**Framework and Bylaws:**

**First: Committee Structure, Composition and Bylaws:-**

(1) The Committee shall be formed of no less than three members from the non-executive Board

members, the majority of whom are independent. Members of the Higher Executive Management may, ex officio, participate in its work upon an invitation from the Committee.

(2) The members of the Committee, in its first meeting, shall develop, approve and adopt the Committee action plan, setting forth its role and basic responsibilities, in addition to appointing its Secretary.

(3) The Committee shall publish its framework once it is approved by the Board.

(4) The minutes of the meetings and decisions of the Committee shall be recorded in a log, a copy there of shall be sent to the Secretary of the Board. The Committee minutes and resolutions shall be signed by all the Committee members.

(5) The Committee quorum shall be present with the attendance of two thirds of its members.

(6) The resolutions of the Committee shall be taken in agreement with the members; in case that fails, the positions of the members shall be documented and decisions shall be issued with a two-thirds majority.

(7) The Committee shall convene at least once a year, and whenever required, either upon the call of its chairman or upon the request of two of its members. The Committee members shall be informed of the date of the meeting, either in writing or via email, five work days prior to the date of the meeting.

(8) The Committee Secretary shall coordinate and document its work, save all the minutes of the meetings and guarantee access to information, documents and meeting minutes to all Committee members in a complete and prompt manner.

(9) The Committee may hold its meetings remotely, using CCTV, conference calls or by exchanging emails, provided that such meetings be documented and signed by its attending members; otherwise, they shall be deemed void. Attendance may be by proxy, provided that it is not permitted for one member to represent more than one member of the Committee and that the number of attendees is no less than the majority of the Committee members.

**Second: Committee Framework:-**

(1) Determine the remuneration and salaries policy and principles at the Company, including the Chairman and Board of Directors, members remuneration, and reviewing the same when necessary.

(2) The committee is to set up the remuneration policy taking into account the following criteria:

- a) Long term company performance.
- b) Beneficial targeted growth of the Company.
- c) Responsibilities and scope of tasks assigned to the Board Members.
- d) Responsibilities and scope of tasks assigned to top executive management.

(3) Propose the Employee Share Option Plan (ESOP), if the law so permits.

(4) The Committee shall propose the Company remuneration policy based on individual performance (employees) and collective performance (business units). It is permitted that the remunerations include a fixed part and a performance related part. The performance-related part must focus on the long-term Company performance as well as the useful targeted growth at the same time.

(5) The Committee shall propose remunerations policy and principles, which the Board shall present to the shareholders at the General Assembly to be informed for the public.

(6) The Committee shall supervise the implementation of the remunerations policy and principles.

(7) It is permitted that the Committee seeks experienced and specialized individuals if necessary at the expense of the Company. It may also use Company staff and call Company executive managers to participate in its works.

(8) The Committee shall handle any other tasks assigned by the Board and within its scope of jurisdiction.

(9) The Committee shall submit its reports and recommendations to the Board for approval.

#### **Committee Activity in 2014:**

- (1) The Committee held one meeting in 2014 during which it reviewed the remunerations for Board Members for 2013, the remunerations for CEO and Vice CEO for 2013, the percentage and type of dividends to be distributed to shareholders for 2103. The Committee submitted its recommendations to the Board in said matters.
- (2) The Committee approved in 2012 the incentives and remunerations policy as shown below.

#### **Remuneration and Incentives Policy**

(Company staff rewards and incentives – Board remuneration – Higher Executive Management)

#### **First: Company Staff Rewards and Incentives:**

Pursuant to the Company's public strategy aimed at achieving sustainable growth, profits and long-term benefits for the Company shareholders, it adopts the rewards and incentives policy at the Company in general, based on the following **general criteria**:

- (1) Long-term company performance.
- (2) Beneficial targeted growth of the Company.
- (3) Achieve the minimum action plan indices, most important of which the net revenues, net profit and the Economic Added Value (EVA).
- (4) Company cash flow.
- (5) Shareholders dividends and revenue.

The Staff Rewards and Incentives policy is also based on the following **specific criteria**:

- (1) Responsibilities and duties.
- (2) Staff individual performance.
- (3) Collective performance of the Company and the business units.

As for the subsidiaries and the business units, the rewards and incentives policy shall primarily rely on the following criteria:

- (1) The long-term performance of the Company or concerned business unit.
- (2) Cash flow situation of the Company or the business unit.
- (3) The contribution of the subsidiary or business unit in the cumulative profits.

- (4) Responsibilities and duties.
- (5) Staff individual performance.

It is permitted that the rewards include a fixed part and a performance-related part. The performance related part must be based on the long-term Company performance as well as the useful targeted growth in general and the individual performance in particular.

The policy is based on the annual individual performance evaluation, taking into consideration the relative weights of each of the skills, behavior and quality objectives: It should be noted that the rewards and incentives shall not be earned if the assessment evaluation result is less than 80%.

The evaluation and assessment shall be done by the Human Resources Department at the Company based upon the adopted staff assessment system. This system in turn is based upon the balanced performance card. Hence, the merit for incentives shall not only be dependent of profitability criteria. It will depend on the overall assessment of staff performance, which will vary in focus and targets from one individual to another.

**Second: Board Remuneration:**

(1) The Ordinary General Assembly shall determine the remuneration of the Board members. The total of such remuneration must not exceed (10%) of the net profits, after deducting the depreciation, reserves and distributing dividends of no less than 5% of the capital to the shareholders. In all cases, the remuneration may not exceed the maximum limit allowed by law or specified in a Ministerial decree in this regard.

(2) No Board member shall be entitled to a remuneration for attending the Board meetings. However, he shall be entitled to an annual remuneration related to his performance after obtaining the approval of the General Assembly.

(3) The Board members may get a lump sum amount as remuneration in the years where the Company fails to realize profits. In such a case, the approval of the concerned authority in the Ministry of Business and Trade as well as that of the Company's General Assembly shall be required.

**Third: Higher Executive Management:**

The remunerations for the CEO and Deputy CEO shall be based on the same public and private criteria imposed on the Company's staff, in addition to achieving 10% of the return on capital to earn the remuneration and annual performance incentive.

The assessment shall be carried by the Remuneration Committee of the Board based upon its adopted evaluation system for higher management, which in turn is based on balanced performance card. Hence, the merit for remuneration shall not only be based upon profitability or dividends. It shall primarily be according to overall evaluation of staff performance, which differs in focus and targets from time to another according to Company conditions and challenges.

**Fourth: Committees Remuneration**

It is permitted that Committee members obtain a lump sum amount as remuneration as a reward for attending and participating in the Committee affairs, as per the discretion of the Board.

The above-mentioned policy has been presented to the shareholders at the General assembly convened on 27/03/2013. The General Assembly has approved the annual Corporate Governance report inclusive of the incentives and remunerations policy. The Company has posted the said policy on its website, in implementing Article 16 of the Corporate Governance Code.

## 2-14-c **Nomination Committee** (Committee Composition, Framework and Bylaws, Committee Activity)

### **Committee Composition:**

The Committee comprises the following gentlemen:

Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani	Chairman
Mr. Nasser Suleiman Haidar Mohammed Al-Haidar	Member
Sheikh Ali Bin Ghanem Al-Thani	Member
Dr. Adnan Ali Steitieh was assigned as acts	Committee Secretary

### **Committee Framework and Bylaws:**

#### **First: Committee Structure, Composition and Workflow System:**

- (1) The Committee shall be formed of three independent Board members, presided by one of them.
- (2) The quorum shall be present with the attendance of two thirds of its members.
- (3) The resolutions of the Committee shall be taken in agreement with the members; in case that fails, the positions of the members shall be documented and decisions shall be issued with a two-thirds majority.
- (4) The Committee members shall, at its first meeting, set out and approve the Committee action plan, setting forth its role and key responsibilities, in addition to appointing its Secretary.
- (5) The Committee shall publish its framework after obtaining the validation of the Board.
- (6) The minutes of the meetings and resolutions of the Committee shall be recorded in a log, a copy thereof shall be sent to the Secretary of the Board. The Committee minutes and resolution shall be signed by all the Committee members.
- (7) The Committee Secretary shall coordinate and document its work, save all the minutes of the meetings and guarantee access to information, documents and meeting minutes to all Committee members in a complete and prompt manner.
- (8) It is permitted that the Committee hold its meetings remotely, using CCTV, conference calls or by exchanging emails, provided that such meetings be documented and signed by its attending members; otherwise, they shall be deemed void. Attendance may be by proxy, however it is not permitted that one member represents more than one member, and that the number of attendees is no less than the majority of the Committee members.
- (9) The Committee shall convene at least once a year, and whenever need arises.

#### **Second: Committee Framework and Jurisdiction:**

The Committee shall handle the following tasks:

- (1) Prepare the nominations list for the Board Members and recommend to the General Assembly to elect Board Members from the list.
- (2) Nomination by the Committee does not mean jeopardizing the shareholder's rights as stipulated in the law and does not deprive any shareholder from his right to nominate other or run for election.
- (3) The Membership Committee shall nominate the candidates for Board membership, taking into consideration the conditions of nominating the Board members as stipulated in the Company Statute and Board Charter. Furthermore, the Committee shall check that the candidate meets the guiding standards for Board membership nomination, including the required skills, knowledge, expertise, professional, technical and academic qualifications as well as sound character.
- (4) The Membership Committee shall determine whether the member is independent, executive or non-executive, taking into consideration the minimum requirements for each category.
- (5) The Committee shall conduct an annual, objective self-assessment for Board performance following

specific standards, including the following:

- a) Number of annual meetings.
- b) Compliance with the periodic frequency of the meetings.
- c) Attendance percentage at the meetings.
- d) Promptness and efficiency of handling the topics listed on the Board agenda.
- e) Compliance with the transparency and disclosure requirements with regards to the decisions of the Board.
- f) The extent of interaction with the various committees emanating from the Board and the implementation of their recommendations.
- g) Achieving the objectives and plans and implementation of the adopted policies.
- h) Any other standards required for the objective self-assessment.

**Committee Activity in 2014:**

(1) The Committee held two meetings in 2014, during which it evaluated the Board performance during the first half of 2014 and also for the entire 2014, in accordance with the adopted Board evaluation criteria.

(2) The Committee has adopted in 2012 the Board annual performance assessment system as follows:

**Board Performance Assessment  
Salam International Investment Limited**

The Committee shall rely, in its assessment of the Board performance, on the fact that the Board is jointly responsible for effective management of the Company. In particular, the Board shall be responsible for developing strategic goals and policies and for the effective control of the performance of the Company and its subsidiaries, and ensure the management succession planning, in addition to protecting and developing the rights of the shareholders in the long term. The Nomination Committee has relied in the preparation of the annual performance assessment of the Board on the standards in the adopted Nomination Committee framework in particular, as shown below:

- a) Number of annual meetings.
- b) Compliance with the periodic frequency of the meetings.
- c) Attendance percentage at the meetings.
- d) Promptness and efficiency of handling the topics listed on the Board agenda.
- e) Compliance with the transparency and disclosure requirements with regards to the decisions of the Board.
- f) The extent of interaction with the various committees emanating from the Board and the implementation of their recommendations.
- g) Achieving the objectives and plans and implementation of the adopted policies.
- h) Any other standards required for the objective self-assessment.

**2-15: 2014 Board Performance Assessment:**

The Nomination Committee performed a self and subjective evaluation of the Board performance in 2014, via adopting the approved criteria of the evaluation system, as follows:

The Board held nine meetings in 2014. Board members recorded an attendance rate of 98%, 89% in person and 9% in proxy. The Board was committed to the periodicity of the meetings. No two consecutive meetings were more than two months apart. The Board reviewed, studied and discussed the quarterly and semi-annual for 2014 and the closing final data for 2013. The Board reviewed the respective auditors reports and ratified the same. The Board whilst performing his duties has taken into account the recommendations of its Committees, the Board adopted the recommendations of the Remunerations Committee regarding Board remunerations, higher management remunerations and committees remunerations.



The Board within 2014 has passed 32 resolutions regarding investment opportunities and operational matters for the Company and its subsidiaries, only one resolution was taken by passing and it was approved at the next following meeting. All resolutions were issued after extensive debate and passed unanimously. There was no reservations expressed by any single Board member on any of the Board resolutions. The Board followed up the implementation of its resolution at subsequent Board meetings.

The Board has decided to adjourn some items on the agenda due to insufficient information in order to take the suitable resolution. It has backed out from several previously approved investment opportunities due to changes in the market conditions and the data on which previous approvals were made, in order to protect the interests of the Company and shareholders. The Board has completed discussing and handling all items present on its agendas during 2014.

The Board is fully committed to open disclosure regarding the results of its work and any other incidents and important information that is of interest to shareholders and potential investments. The Board has issued 9 press releases and 14 disclosure statements in 2014 regarding updates to certain projects and the cases at courts of law.

Hence, the Board has been in full compliance with the Law, the Company Statue, the Governance Code, the Transparency system and any other systems or rules that govern the Board work.

#### **2-16: Remuneration of the Board of Directors:**

No Board member shall be entitled to a remuneration for attending the Board meetings. However, he shall be entitled to an annual remuneration related to his performance after obtaining the approval of the General Assembly. The remuneration shall be counted as a percentage of the net profits, pursuant to the provisions of Article 118 of the Commercial Companies Law No.(5) for the year 2002, in accordance with paragraph 2-14-b above of the Remuneration Policy.

### Chapter Three

## **3. Risk Management**

### **3-1: Risk Management Policy**

The Risk Management Policy aims at determining the weaknesses, potential risks, precautionary and remedial measures to prevent and limit those risks when they arise. The Risk Management Policy includes the following risks:

- **Operational Risk:** These include, among other things, defects in products and services, interruption of work, performance gap, efficiency and productivity, customer satisfaction, health and safety, unexpected changes in the market and also the business periodic nature.
- **Financial risks:** These include: pricing, liquidity, credit and debt risks.
- **Honesty and integrity risks:** These include: forgery, illegal practices, unauthorized use, and reputation.
- **Information technology risks.**
- **Environmental risks.**
- **Crisis management.**

### **3-2: The Measures Taken with Respect to Risk Management:**

As mentioned in the previous report for 2012, the Company appointed an independent consultant to review and assess all internal processes and procedures, with a view to determining the weaknesses, potential risks, offer the required recommendations to limit and prevent those risks when they arise. The tasks of the

independent consultant covers finance, human resources, strategic planning, marketing and communication, information technology and legal affairs.

In addition, the Company periodically assesses the operational risks. Such risks shall include, among others: defects in products and services, interruption of work, performance gap, efficiency and productivity, customer satisfaction, health and safety, unexpected changes in the market and the periodic nature of business.

The Company adopted policies and general bylaws at human resources deal with the honesty and integrity risks. These include the public behavior standards, prohibiting unauthorized use, maintaining the Company's assets, and banning illegal practices. The Company adopted many measures aimed at efficient crisis management.

## Chapter Four

### 4. Internal Control and External Audit

#### 4-1 Internal Control:

The internal control is designed to ascertain the extent of compliance with the approved regulations and procedures, compliance with the policies, plans, systems and laws in force, in addition to asset protection and the efficient use of resources.

The Company's internal control is done through several individual units including Financial Department, Department of Legal Affairs, Human Resources Department and Development Department. However, the company will aggregate all the activities of the Internal Control in a separate department, which will be either one of the major departments of the Company, or via an expert external firm.

#### 4-2: Internal Control Procedures:

In preparation for the aggregation of all internal control activities in one separate department, the Company appointed an independent consultant to handle the below tasks:

- Prepare the internal audit charter to specify the powers and responsibilities.
- Assess the risks of the Company activities and accounting processes.
- Determine the main business risks in terms of importance and possibility of occurrence.
- Internal Audit Plan to assess the risks and help achieve the strategic goals.
- Internal audit policies and procedures to ensure the safety of the internal control.
- Internal controls and/or workflow review to determine the accuracy and efficiency of the internal controls in treating the determined risks.
- Comprehensive fiscal audit to ensure there is no material defects in the financial statements.
- Check the processes and comply with the systems, procedures and legal requirements.
- Review the organizational structure and governance of the Company.
- Review the performance of the Company.
- Review the public computer controls and systems.

#### 4-3: Compliance Manager:

To reinforce and enable the communication with control authorities, as mentioned in earlier Corporate Governance Reports, the Company appointed a Compliance Manager to coordinate between the Company, the Authority and any other control authority, with regards to the compliance with the provisions of the Code and its applications.

- Compliance Manager - Dr. Adnan Ali Steitieh
- Capacity: Executive Manager & Board Secretary

- Phone: +974 44830439
- Email: a.steitieh@salaminternational.com

#### **4-4 Failures to Internal Control and Violations:**

The Internal Control did not register during 2014 any violation or substantial failure with regards to the financial performance of the Company. In addition, no defaults or substantial violations have emerged in the Company management.

#### **4-5: External audit:**

The General Assembly annually appoints an external auditor from one of the top Ministry accredited external auditors. His tasks include auditing the Company according to the International Accounting Standards, which consists of assessing the following: the consolidated financial position at the end of each financial year, the consolidated income, the consolidated comprehensive income, the consolidated changes in equity, the consolidated cashflows for the ended year in addition to the inclusion of notes containing a summary of significant accounting policies and other explanatory comments.

## Chapter Five

### **5. Shareholders Rights, Capital Structure and Minority Rights**

#### **5-1: Shareholders Rights:**

Shareholders shall have all the rights bestowed upon them by the relevant laws and bylaws, including the Company Statute, mainly:

**5-1-a : Right to participate in the decision-making process** by attending the General Assemblies, right to discuss the topics proposed to the Assembly, right to vote on the General Assembly decisions, vote and impeach members of the Board, right to reserve and object to the decisions of the General Assembly and right to approve or abstain from giving the approval for Board members' remunerations.

**5-1-b : Right to control the management of the Company**, i.e. the right to debate the topics listed on the agenda, address questions to the Board members and auditor, discuss matters that are not listed on the agenda but relate to serious facts revealed during the meeting, right to list specific matters on the agenda by many shareholders, right to resort to the General Assembly if the shareholder deems the reply inadequate, right of the shareholder to be informed of all the amounts received by the Chairman and every member Board, whether as remuneration, fees, salaries, in-kind benefits, and the amounts allocated to each member of the Board as pension or end of service compensation, as well as the operations which may cause a potential conflict of interests.

**5-1-c: Right to Complain and Litigate** i.e. the right of the shareholders who have a certain percentage of the capital to request inspection of the Company, or the right of the shareholder to sue, by himself, for the damage he incurred as a shareholder, or the right of the General Assembly to prosecute every party who may have caused damage to the interests of the Company or the equities of the shareholders, and claim compensation for any illegal act, as per the provisions of the law.

**5-1-d :** The shareholder shall have the right to peruse the shareholders register at QE, as per the applicable QE Statute.

5-1-e : The Company shall publish on its website the Memorandum of Association and the Statute of the Company, the information related to the Board members, the quarterly, semi-annual and annual financial data, disclosures, annual report of the Board and annual governance report.

5-1-f: Any shareholder(s) owning at least 10% of the capital of the company may call the Ordinary General Assembly to convene.

5-1-g: Shareholders that represent at least 25% of the capital may call for the extraordinary General Assembly to convene.

5-1-h: Any shareholder(s) representing at least 10% of the capital of the Company may request the inclusion of new topics on the agenda of the General Assembly.

5-1-i: Every share shall have the same right as all other shares of the same category.

5-1-j: The shareholder may vote by proxy, provided the proxy is purpose-specific and proven in writing. The number of shares with the procurator may not exceed 5% of the Company shares and no Board member may act as proxy.

5-1-k: No Board member, as shareholder at the Company, may participate in the voting for the General Assembly decisions related to his release of liability.

#### **5-2: Dividends Policy :**

The Board has adopted a policy for dividends aimed at the conformity between sustainable growth and the best revenues for shareholders, as set forth below:

#### **Dividends Policy Adopted by SIII**

The dividends policy adopted by Salam International Investment Limited depends on the financial results achieved in each financial year, the Company's plans for expansion and growth, the cash flow requirements of the Company and the availability of excess liquidity. The dividends are limited to a proportion of the net profit, after deduction of depreciations, provisions and legal reserves, in addition to the retained earnings from previous years. The Company shall decide the nature and percentage of dividends based on the aforementioned factors that change from year to year, according to the data or the circumstances prevailing at the time. In the years when the Company has surplus cash, it may adopt cash dividends. In the years in which the Company has opportunities to grow and expand, the Company may resort to either the recycling of profits, or capitalizing them, in part or in whole, distribute cash profits and free shares, distribute completely free shares and raise the capital by the issued shares.

#### **5-3 Capital Structure**

The total number of Company shareholders on 31/12/2014 has reached 5334.

The following shareholder persons/entities own 5% or more of Company paid capital:

Name	Number of Shares	Ownership Percentage
Mr. Issa Abdulsalam Abu Issa	23'156'223	20.26%
Mr. Hussam Abdulsalam Abu Issa	9'835'297	8.60%

Al Hussam Holding Co.	10'972'500	9.60%
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#### **5-4 Minority Rights and Major Deals**

The Company will amend its Statute in synchronization with amendments to the legal framework. It shall include in the Statute provisions for protecting the rights of minority shareholders, in case of approval to major deals whereby the minority shareholders have voted against such deals. These will include finding a mechanism to release sales of shares to the public or the right of synchronous sale in case of changes to the ownership of Company capital exceeding a predefined percentage.

## Chapter Six

### **6. Transparency, Disclosure and Non-Conflict of Interests**

#### **6-1: The disclosure of the law case:**

6-1-a: In 2010, one individual shareholder filed a lawsuit requesting to invalidate the proceedings of 2002 and 2005 mergers. Court of First Instance reached a decision that was approved by the Court of Appeal in 2011. The court ruling invalidated the legal, administrative and financial procedures of implementing the resolutions of the Extraordinary General Assembly to merge a number of companies in 2002 and 2005.

6-1-b: The decision stipulated in its relevant causes that the case is "... not a request for the invalidity of resolutions the General Assembly of the third defendant (the Company) issued in the years 2002 and 2005 about merging the companies mentioned in the 2 resolutions by the defendant, and there is no fault affecting the validity of these decisions and the legality of the substance or form ..."

It should be noted into that the shareholder that filed the case wasn't a shareholder in the Company, neither at the time of the first merger in 2002, nor at the time of the second merger in 2005. The first time he bought shares in the company was when he purchased one thousand shares on 06/01/2010. He was also the defense lawyer of another shareholder that the company sued. He bought those shares after he started defense process of the aforementioned shareholder and examined the facts and documents of the Company.

6-1-c: The General Assembly convened on 18/01/2012. It was briefed about the causes and text of the ruling of the Court of First Instance No. 650/2010, supported by the ruling of the Court of Appeal No. 71 and 104/2011. It took decisions and actions to ensure protecting the rights of shareholders and the interests of the Company. The General Assembly decided to call for an extraordinary meeting and develop a backup action plan to deal with the ruling in case the Cassation was rejected, enforcement is requested and the executive form is issued. The contingency plan calls for approval to amend of the resolutions of the Extraordinary General Assembly in 2002 and 2005 to acquire a number of companies by means of mergers, and to acquire these companies by means of acquisition, in the same dates and values adopted for the rights as evaluated at that time. The Ordinary General Assembly convened on 27/03/2013 has renewed approval to the a/m mechanism to amend the Capital.

6-1-d: The Court of Cassation has again ruled on 04/06/2013, to accept the appeal submitted by the Company and to subject the ruling of the Courts of Appeals to Cassation. The case was referred to the Court of Cassation with a new court body in order to settle the case all over again.

6-1-e The General Assembly has decided on 25/11/2013 to reiterate approval to the mechanism of amending Capital increase regarding approval to ownership of some companies by mergers in 2002 and 2005, and replace that with ownership of said companies by capital increase in type, at the same dates and valued as evaluated at the time.

**It is worth mentioning that texts of all aforementioned rulings and disclosures are posted on Company's website and the website of Qatar Exchange. The Company's General Assembly has reviewed the a/m rulings, their causes and texts at General Assembly Meetings convened on 18/01/2012, 27/03/2013 and 25/11/2013.**

It is worth mentioning that the court of Cassation has also settled a case which requested voiding the aforementioned two mergers which was raised by another investor. This investor is in fact the principal to the other investor who raised the previously mentioned case. The court of Cassation has ruled to reject the appeal on the ruling of the court of first instance in which it declined to entertain the case raised by him. This ruling by the case of Cassation is considered final, conclusive, decisive and assertor for this case.

#### **6-2: Integrity and Non-Conflict of Interest:**

6-2-a: The Company prohibits the Chairman, members of its Board of Directors, and all its employees from taking advantage of any information they may have come to know, as a result of dealing in shares of the Company, for their own interest or the interest of their immediate relatives. Pursuant to the above policy, the Company issues a regular circular to the members of the Board of Directors and Executives prior to the announcement of the interim financial results. This circular shall include the announcement for the period of restriction of the sale and purchase of shares provided for in Article (173) of the QE bylaws, with an emphasis on the need for informing the QE in advance about any sale or purchase when there is no restriction period so as to ensure fairness in trading and equal opportunities.

The company is also committed to the provisions of the Commercial Companies Law No. (5)/ 2002 relating to conflict of interest, particularly the provisions of Article 108 of the Law.

6-2-b: Once elected, each member of the Board of Directors shall sign an undertaking to keep the confidentiality of the information and data and abstain from disclosing, leaking or revealing them to third parties or using them for their own benefit or any of their relatives.

6-2-c: **Actual practice:** Pursuant to the practical enforcement principles of transparency, disclosure and equality of opportunities, and in order to avoid any conflict of interest, any member of the Board of Directors shall withdraw from the meetings of the Board or General Assembly where a topic or matter is discussed and that topic or matter is related to the concerned Board member. After making sure that the mentioned member had left the meeting hall, the General Assembly vote on the relevant topic. The Company applied this principle on more than one occasion and case.

#### **6-3: Adherence to the Rules and Conditions Governing the Disclosure and Listing in Qatar Exchange:**

6-3-a: The Company shall commit to the rules and conditions governing the disclosure and listing in Qatar Exchange, "QE" and shall comply with all disclosure requirements, including disclosure of the number of shares owned by the Board of Directors, executives and top or influencing shareholders.

6-3-b: The Company shall also commit to disclose any key information related the company's current projects, projects that the Company intends to undertake or any projects or information influencing the share price.

6-3-c: The Company released in 2014 a total of 23 press releases that included the disclosure of important and relevant information such as the disclosure of financial results, new projects and strategic partnerships, the disclosure of a court case and the relevant court decision.

6-3-e: Financial reports are prepared in accordance with the international accounting standards IFRS, IAS, ISA. The company is publishing those reports in local newspapers, on QE website and on the Company website.

6-3-f: The Company has disclosed the names of the members of the committees emanating from the Board as well as their frameworks and bylaws.

6-3-g: The Company has disclosed in 2013 the remunerations policy, the external auditor recruitment policy, risks evaluation policy and the policy to evaluate Board performance.

6-3-h: The Company has designed and implemented a website that contains general information about the Company, its activities and investments, in addition to a dedicated window for shareholders affairs, including:

- The Amiri Decree on the establishment of the Company.
- Memorandum of Association and the Statute of the Company and any amendments thereof.
- The financial statements of the Company.
- The disclosures and press releases.
- Calls of the General Assembly on a periodic basis and the annual report.
- Information on how the shareholders can buy and sell stocks in general, in addition to the names of brokerage firms accredited by Qatar Exchange.

The Company will continue to publish all information, disclosures and data periodically and / or when available.

6-3-i: The Company places at the shareholders' disposal an annual report that includes a detailed account of financial data related to members of the Board of Directors, including the following:

- All amounts received by the Chairman and members of the Board of Directors.
- Benefits in kind enjoyed by the Chairman and members of the Board of Directors.
- Remuneration of the Board members.
- Operations in which one of the Board members or directors might have an interest that is conflicting with the company's interest.

6-3-j: The Company publishes annually its budget, profit and loss account, the report of the Board of Directors and the auditors' report in full, including the notes, and the company's disclosures contained therein.

6-3-k: The Company publishes annually the Governance Report on the website. Copies of the Corporate Governance report are being distributed at the General Assembly Meeting.

## Chapter Seven

### **7. Human Resources Public Policies and General Regulations:**

The company continued during 2014 implementing the adopted human resources regulations and policies, which includes general policies such as work ethics, protecting the company's assets and facilities and non-

disclosure of the secrets of the work. These policies also include the right of reporting, by all staff without fear of any consequences.

## Chapter Eight

### **8. Company Plan for 2015**

The Company, having adopted the Charter of the Board, policy of remuneration and incentives, dividends distribution policy, external auditors selection policy and risk policies, Board performance evaluation policy shall continue to work on meeting the requirements of the Code and comply to its rules and other provisions, in conjunction with the QFMA's efforts to update the Code, enforce it in part or in full and adjust the legal framework to eliminate any conflicts and align the Code provisions with the provisions of the Commercial Companies Law No. 5/2002. Therefore, the Company shall amend the Statute of the Company in the future so as to ensure total compliance with the provisions of the Governance Code, and without conflict with the applicable law in the State of Qatar.

**Finally**, the Board of Directors of Salam International wishes to reaffirm its commitment and complete compliance with the rules of governance in the past, present and future. The Board does look forward to being enabled to fully comply with the provisions of appropriate amendments to the legal framework. As Salam International considers corporate governance a good management system and way to settle the conflict between the various stakeholders and distribute the equities and responsibilities, in accordance with a public framework of transparency and integrity in transactions, disclosures and equal opportunities.

Furthermore, Salam International heritage reinforces institutionalized culture which motivates the Board members as well as all Company staff to act as pioneering business entrepreneurs and comply with the rules of transparency, integrity and righteous behavior, and seek to achieve efficient and sustainable growth and further benefits for all shareholders.

**Issa Abdulsalam Abu Issa**  
Chairman

This text has been translated from its original Arabic equivalent which remains the official version