

# 7TH CORPORATE GOVERNANCE REPORT 2016

SIIL-Salam International Investment Limited  
 Issued by SIIL Board of Directors on  
 26/02/2017

## PREAMBLE

Pursuant to the Listed Companies Governance Code, with regards 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 2009, and amended in 2014, notably Article 31 thereof Salam International Investment Limited (SIIL) (Q.P.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 regular annual modular Reports for the following years and is hereafter pleased to present its Seventh Annual Report (2016) in compliance with the approved template.

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 3 - Company's Obligation to comply with Corporate Governance Principles	3.1 The Board shall ensure that the Company complies with the principles set out in the Code. The Board shall also review and update its corporate governance practices, and regularly review the same.	√			The Company has adopted a manual to guide polices and general regulations for human resources. The manual is being updated regularly.	
	3.2 The Board shall regularly review and update the adopted Governance implementations.	√				
	3.3 The Board shall regularly review and update professional conduct rules setting forth the Company's corporate values and other internal policies and procedures all of which shall be binding upon the Members of the Board of Directors and the Company's staff as well as the Company's advisors (These professional conduct rules may include but are not limited to the Board Charter, audit committee's charter, company regulations, related party transactions policy and insider trading rules). The Board should review these professional conduct principles regularly so as to ensure they reflect best practices and they meet the needs of the Company.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 4 - Board Charter	The Board shall make sure that the Company adopts a Charter for the Board of Directors detailing the Board's functions and responsibilities as well as the Board Members duties which shall be fulfilled by all Board Members. The said Board Charter shall be drafted to comply with the provisions of this Code, and shall be based on the Board Charter annexed to this Code and as may be amended from time to time by the Authority. The said Board Charter shall be published and made available to the public.	√			The Company prepared the Board Charter and it was posted on the Company website.	
Article 5- Board Mission and Responsibilities:	<p>5.1 The Company shall be managed by an effective Board of Directors which shall be individually and collectively responsible for the proper management of the Company.</p> <p>5.2 In addition to the Board functions and responsibilities as set out in the Board Charter, the Board shall be responsible for:</p> <p>5.2.1 Approving the Company's strategic objectives, appointing and replacing management, setting forth management compensation, reviewing management performance and ensuring succession planning concerning the Company's management.</p> <p>5.2.2 Ensuring the Company's compliance with related laws and regulations as well as the Company's articles of association and by-laws. The Board is also responsible for protecting the Company from illegal, abusive or inappropriate actions and practices.</p> <p>5.3 The Board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function or authority with the requirement to obtain the Board's prior approval on specific matters. In any event, and even where the Board delegates one of its functions or authorities, the Board remains liable for all of its functions or authorities so delegated.</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>			The adopted Board Charter and Governance Charter define the Board functions and responsibilities.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 6 - Board Members' Fiduciary Duties	6.1 Each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations including this Code and the Board Charter.	√			The adopted Board Charter and Governance Charter define the Board Members Fiduciary Duties.	
	6.2 Board Members must at all times act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders.	√				
	6.3 Board Members shall act effectively to fulfill their responsibilities towards the Company.	√				
Article 7 - Separation of Positions of Chairman and CEO	7.1 The same person may not hold or exercise the positions of Chairman and Chief Executive Officer at the same time. The division of responsibilities between the two positions shall be clear.		√			Clarification No. 1- Justifications for not separating the positions of Chairman and CEO
	7.2 In all circumstances, no one person in the Company should have unfettered powers to take decisions.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 8 - Duties of the Chairman of the Board	8.1 The Chairman is responsible for ensuring the proper functioning of the Board; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information.	√			The adopted Board Charter and Governance Charter define the duties of Board Chairman. The actual practices confirm that the Board Chairman compliance with all duties and responsibilities stated in this Article. The Company performs semiannual evaluation of board Members, see clarification no. 2	
	8.2 The Chairman may not be a member of any of the Board committees prescribed in this Code.	√				
	8.3 The duties and responsibilities of the Chairman of the Board of Directors shall, in addition to the provisions of the Board Charter, include but not be limited to the following:	√				
	8.3.1 to ensure that the Board discusses all the main issues in an efficient and timely manner;	√				
	8.3.2 to approve the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by any other Board Member; this may be delegated by the Chairman to a Board Member but the Chairman remains responsible for the proper discharge of this duty by the said Board Member;	√				
	8.3.3 to encourage all Board Members to fully and effectively participate in dealing with the affairs of the Board of Directors for ensuring that the Board of Directors is working in the best interest of the Company;	√				
	8.3.4 to ensure effective communication with Shareholders and communication of their opinions to the Board of Directors;	√				
	8.3.5 To allow effective participation of the Non-Executive Board Members in particular and to promote constructive relations between Executive and Non- Executive Board Members;	√				
8.3.6 to ensure the conducting of an annual evaluation to the Board's performance.	√					

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 9 - Board Composition	9.1 The Board composition shall be determined in the Company's by-laws. The Board shall include executive, nonexecutive and independent Board Members so as to ensure that the Board decisions are not dominated by one individual or a small group of individuals.	√			The basic rule of association was amended to comply with commercial companies law no. 11/2015 and the governance code. This was adopted at the extra ordinary general assembly held on 05/04/2016.  The incumbent Board meets the regulations for Board Composition as required by this Charter.	
	9.2 At least one third of the Board Members shall be Independent Board Members and a majority of the Board Members shall be Non-Executive Board Members.	√				
	9.3 Board Members shall have adequate expertise and knowledge to effectively perform their functions in the best interest of the Company and they shall give sufficient time and attention to their role as Board Members.	√				
	9.4 The percentage of Company Capital for the nominee for the position of independent Board Member shall not exceed the number of shares required to ensure his membership of the Board.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 10 - Non- Executive Board Members	10.1 Duties of the Non-Executive Board Members include but are not limited to the following:	√			The actual practices show that nonexecutives board members performing all the duties as required by this Article.	
	10.1.1 participation in the meetings of the Board of Directors and providing independent opinion on strategic matters, policy, performance, accountability, resources, key appointments and operation standards;	√				
	10.1.2 ensuring that priority shall be given to the Company's and Shareholders' interests in case of conflict of interests;	√				
	10.1.3 participation in the Company's Audit Committee;	√				
	10.1.4 monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports; and	√				
	10.1.5 the development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner; and	√				
	10.1.6 availing the Board of Directors and its different Committees of their skills, experiences, diversified specialties and qualifications through regular presence in the Board meetings and effective participation in the General Assemblies and the acquisition of a balanced understanding of Shareholders' opinions.	√				
	10.2 A majority of the Non-Executive Board Members may request the opinion of an independent consultant, in relation to any of the Company's affairs, at the Company's expense.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 11 - Board Meetings	<p>11.1 The Board of Directors shall hold meetings regularly, so as to ensure that the Board is effectively performing its duties. The Board shall meet at least seven times during a year with no less than one meeting every three months.</p> <p>11.2 The Board shall meet when convened by its Chairman or upon the written request of two Board Members. The invitation for the Board meeting and agenda shall be communicated to each Board Member at least one week before the date of the meeting, noting that any Board Member may add any item to the agenda.</p>	√			The Board held 7 meetings in 2016 thus satisfying the requirements of Article 104 of Commercial Companies Law, Article 11 of Governance Code and Article 27 of the Company basic Bylaws.	
Article 12 - Board Secretary	<p>12.1 The Board shall appoint a Board Secretary whose functions shall include recording the minutes of all the Board meetings and safekeeping records, books and reports submitted by or to the Board. Under the direction of the Chairman, the Board Secretary shall also be in charge of ensuring timely access to information and coordination among the Board Members as well as between the Board and the other stakeholders in the company including shareholders, management, and employees.</p> <p>12.2 The Board Secretary shall ensure that Board Members have full and timely access to the minutes of all Board meetings, information, documents, and records pertaining to the Company.</p> <p>12.3 All Board Members shall have access to the services and advice of the Board Secretary.</p> <p>12.4 The Board Secretary may only be appointed or removed by a Board resolution.</p> <p>12.5 The Board Secretary should preferably be a member of a recognized body of professional accountants, or a member of a recognized or chartered body of corporate secretaries, or a lawyer or a graduate from a recognized university or equivalent. He should have at least three years experience of handling the affairs of a public company listed in the market.</p>	√			The incumbent Board Secretary meets the required qualifications. He holds a high degree in economics and management, in addition to bachelor's degree in law and political sciences. He is an accredited arbitrator at Qatar International Center for Arbitration and Conciliation and an associate professor at Qatar University. He enjoys more than 35 years of experience including 16 years in handling the affairs of listed companies.	

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Article 13 - Conflict of Interests and Insider Trading	13.1 The Company shall adopt and make public general rules and procedures governing the Company's entering into any commercial transaction with a Related Party (the Company's "Related Party Policy"). In any event, it shall not be permitted to enter into any commercial transaction (or contract) with any a Related Party unless in strict compliance with the aforementioned Related Party Policy. The said policy shall include principles of transparency, fairness and disclosure in addition to the requirement that a related party transaction be approved by a majority vote of the shareholders, without the concerned Related Party participating in the voting.	√			The Company has adopted the policy to avoid conflict of interest, see Clarification No. 3 The Company issues periodic circular regarding typical handling Company shares, see Clarification No. 4, copy of Company circular regarding disclosure.	
	13.2 Whenever an issue involving conflict of interests or any commercial transaction between the Company and any of its Board Members or any Party related to said Board Member, is discussed in a Board meeting, the said issue shall be discussed in the absence of the concerned Board Member who may not in any event participate in the voting on the matter. In any event, such transaction shall be made at market prices and on arm's length basis and shall not involve terms that are contrary to the interests of the Company.	√				
	13.3 In any event, such transactions shall be disclosed in the Company's annual report and specifically referred to in the General Assembly following such commercial transactions.	√				
	13.4 Trading by Board Members' in the Company's shares and other securities shall be disclosed and the Company shall adopt clear rules and procedures governing trading by Board Members and employees in the company securities.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance	
Article 14 - Other Board Practices and Duties	14.1 Board Members shall have full and immediate access to information, documents, and records pertaining to the Company. The Company's executive management shall provide the Board and its committees with all requested documents and information.	√			Actual experiences show that Board Members comply with this Article. Furthermore, the Board reviews the implementation of Governance Code and the Company's adherence to its requirements.		
	14.2 The Board Members shall ensure that the Nomination, Remuneration and the Audit Committee members, the Internal Audit and representatives of the External Auditors attend the General Assembly.	√					
	14.3 The Board shall put in place an induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the Company operates.	√					Article 27.2.b of the Company Articles of Association states that Board membership is lost in the event of repeated absence from Board Meetings.
	14.4 The Board Members are responsible for having an appropriate understanding of their role and duties, and for educating themselves in financial, business, and industry practices as well as the Company's operations and functioning. In this respect, the Board shall adopt an appropriate formal training to enhance Board Members' skills and knowledge.	√					
	14.5 The Board of Directors shall at all times keep its Members updated about the latest developments in the area of corporate governance and best practices relating thereto. The Board may delegate the same to the audit committee or the governance committee or any other body as it deems appropriate.	√					
	14.6 The Company's articles of association shall include clear procedures for removing Board Members in the event of failing to attend Board meetings.	√					

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Article 15 - Board Committees	The Board evaluates the benefits to setting up Committees to supervise the important functions. The Board will when deciding on the selected committees take into account the Committees mentioned in this Code.	√			All Committees mentioned in this Article were formed and the bylaws for each approved, and published on the Company website, see Clarification No. 5	
Article 16- Appointing Board Members- Membership Committee- Nominations	<p>16.1 Nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures.</p> <p>16.2 The Board shall constitute a Nomination Committee chaired by an Independent Board Member and comprised of Independent Board Members which shall recommend Board Members' appointments and re-nomination for election by the General Assembly (for the avoidance of doubt, nomination by the Committee does not deprive any shareholder of his rights to nominate or to be nominated);</p> <p>16.3 Nominations shall take into account inter alia the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and personality and should be based on the „Fit and Proper Guidelines for Nomination of Board Members' annexed to the Code as amended by the Authority from time to time;</p> <p>16.4 Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role.</p> <p>16.5 The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance.</p> <p>16.6 Banks and other companies shall comply with any conditions or requirements relating to the nomination, election or appointment of Board Members issued by Qatar Central Bank or any other relevant authority.</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>			<p>The Company formed the Nominations Committee, adopted its bylaws and posted them on Company website, see Clarification no. 5</p> <p>Board Evaluation Code, Clarification no. 2</p>	

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Article 17 - Board Members' Remuneration - Remuneration Committee	17.1 The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members the majority of whom must be Independent.	√			The Company established the Remunerations Committee, approved its bylaws and posted them on Company website.  no 5-Incentives and Remunerations Policy.	
	17.2 Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities.	√				
	17.3 The Remuneration Committee's main role shall include setting the remuneration policy of the Company including remuneration of the Chairman and all Board Members as well as Senior Executive Management.	√				
	17.4 The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public.	√				
	17.5 Remuneration shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the Company Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the Company.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 18 - Audit Committee	18.1 The Board of Directors shall establish an Audit Committee that shall be comprised of at least three members the majority of whom should be Independent. The Audit Committee must include at least one member with financial and audit experience. If the number of available Independent Board Members was not sufficient to fill the Audit Committee membership, the Company may appoint members that are not Independent Board Members provided that the Chairman of the Committee is Independent.	√			The Company set up the Audit Committee, adopted its bylaws and posted them on Company website, see Clarification No. 5	
	18.2 In any event, any person who is or has been employed by the Company's external auditors within the last 2 years may not be a member of the Audit Committee.	√			External Auditors appointment policy, see Clarification No. 7	
	18.3 The Audit Committee may consult at the Company's expense any independent expert or consultant.	√				
	18.4 The Audit Committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings.	√				
	18.5 In the event of any disagreement between the Audit Committee's recommendations and the Board's decision including where the Board refuses to follow the Committee's recommendations concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendations and the reason(s) behind the Board of Directors' decision not to follow the recommendations.	√				
	18.6 Upon its establishment, the Audit Committee shall adopt and make public its terms of reference explaining its main role and responsibilities in the form of an Audit Committee Charter including in particular the following:	√				
	18.6.1 to adopt a policy for appointing the External Auditors; and to report to the Board of Directors any matters that, in the opinion of the Committee, necessitate action and to provide recommendations on the necessary procedures or required action;	√				

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	18.6.2 to oversee and follow up the independence and objectivity of the external auditor and to discuss with the external auditor the nature, scope and efficiency of the audit in accordance with International Standards on Auditing and International Financial Reporting Standards;	√				
	18.6.3 to oversee, the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports, and to review such statements and reports. In this regard particularly focus on: 1. Any changes to the accounting policies and practices; 2. Matters subject to the discretion of Senior Executive Management; 3. The major amendments resulting from the audit; 4. Continuation of the Company as a viable going concern; 5. Compliance with the accounting standards designated by the Authority; 6. Compliance with the applicable listing Rules in the Market; and 7. Compliance with disclosure rules and any other requirements relating to the preparation of financial reports;	√				
	18.6.4 to coordinate with the Board of Directors, Senior Executive Management and the Company's chief financial officer or the person undertaking the latter's tasks, and to meet with the external auditors at least once a year;	√				
	18.6.5 to consider any significant and unusual matters contained or to be contained in such financial reports and accounts. And to give due consideration to any issues raised by the Company's chief financial officer or the person undertaking the latter's tasks, or the Company's compliance officer or external auditors;	√				
	18.6.6 to review the financial and Internal Control and risk management systems;	√				
	18.6.7 to discuss the Internal Control systems with the management to ensure management's performance of its duties towards the development of efficient Internal Control systems;	√				

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	18.6.8 to consider the findings of principal investigations in Internal Control matters requested by the Board of Directors or carried out by the Committee on its own initiative with the Boards' approval;	√				
	18.6.9 to ensure ;coordination between the Internal Auditors and the External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls;	√				
	18.6.10 to review the Company's financial and accounting policies and procedures;	√				
	18.6.11 to review the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from senior management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive management's reply;	√				
	18.6.12 to ensure the timely reply by the Board of Directors to the queries and matters contained in the External Auditors' letters or reports;	√				
	18.6.13 to develop rules, through which employees of the Company can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions. And to ensure that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal. Such rules should be submitted to the Board of Directors for adoption.	√				
	18.6.14 to oversee the Company's adherence to professional conduct rules;	√				
	18.6.15 to ensure that the rules of procedure related to the powers assigned to the Board of Directors are properly applied;	√				
	18.6.16 to submit a report to the Board of Directors on the matters contained in this Article ;	√				
	18.6.17 to consider other issues as determined by the Board of Directors;	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 19– Compliance, Internal Controls and the Internal Auditor	19.1 The Company shall adopt Internal Control Systems, approved by the Board, to evaluate the methods and procedures for risk management, implementation of the Company’s corporate governance code and compliance with related laws and regulations. And the Internal Control Systems shall set clear lines of responsibility and accountability throughout the Company’s departments.	√			Internal audit measures taken according to Clar. 8	The Company has commissioned a consultant to carry out internal audit and submit periodic reports to the Audit Committee and the Board
	19.2 Internal Control Systems shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit functions in addition to the external audit. The Internal Control Systems shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto.		√			
	19.3 The Company shall have an internal audit function with clearly defined functions and role. In particular, the internal audit function shall :	√				
	19.3.1 audit the Internal Control Systems and oversee their implementation;	√				
	19.3.2 be carried out by operationally independent, appropriately trained and competent staff; and	√				
	19.3.3 Submit its reports to the Board of Directors either directly or through the Board’s Audit Committee; and is responsible to the Board; and	√				
	19.3.4 Has access to all Company’s activities; and	√				
19.3.5 Be independent including being independent from the day-to-day Company functioning. Its independence should be reinforced for example by having the Board determine compensation of its staff.	√					

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	19.4 The internal audit function shall include at least one internal auditor appointed by the Board of Directors. This internal auditor shall report to the Board or the Chief Executive Officer of the Company, either directly or through the Audit Committee.	√				
	19.5 The internal auditor shall prepare and submit to the Audit Committee and the Board of Directors an “internal audit report” which shall include a review and assessment of the Internal Control system of the Company. The scope of the Internal Audit Report shall be agreed between the Board (based on the Audit Committee recommendation) and the internal auditor and shall include particularly the following:	√				
	– Control and oversight procedures of financial affairs, investments, and risk management.	√				
	– Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes.	√				
	– Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board.	√				
	– Internal Control failure, weaknesses or contingencies that have affected or may affect the Company’s financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company’s annual reports and financial statements).	√				
	– The Company’s compliance with applicable market listing and disclosure rules and requirements.	√				
	– The Company’s compliance with Internal Control systems in determining and managing risk.	√				
	– All relevant information describing the Company’s risk management operations.	√				
	19.6 The Internal Audit Report shall be prepared every three months.	√				

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Article 20 – External Auditor	20.1 An External Auditor who is independent, and qualified, and appointed upon the recommendation of the Audit Committee to the Board and the decision of the Company’s General Assembly, shall undertake an annual and semi-annual independent audit. The purpose of the said audit is to provide an objective assurance to the Board and shareholders that the financial statements are prepared in accordance with this Code, related laws and regulations and international financial reporting standards and accurately represent the financial position and performance of the Company in all material respects.	√			Clarification No. 7-External Auditors appointment policy	
	20.2 The External Auditor shall comply with the highest professional standards and he shall not be contracted by the Company to provide any advice or services other than carrying out the audit of the Company. The External Auditor must be completely independent from the Company and its Board Members and shall not have any conflict of interests in his relation to the Company.	√				
	20.3 The Company’s External Auditor must attend the Company’s annual ordinary General Assembly where he shall deliver his annual report and answer any queries in this respect.	√				
	20.4 The External Auditor is accountable to the shareholders and owes a duty to the Company to exercise due professional care in the conduct of the audit. The External Auditor is also responsible for notifying the Authority and any other regulatory authority should the Board fail to take proper action concerning suspicions raised or identified by the External Auditors.	√				
	20.5 A listed company shall change its External Auditor every five years at a maximum.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 21-Disclosure	21.1 The Company must comply with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board Members, senior executives and major or controlling shareholders. The Company must also disclose information about its Board Members including notably a resume of each member describing his/ her respective education, profession, other board seats that they may hold (if any). Names of the members of various Committees constituted by the Board as mentioned in Article 5.3, along with the composition of the committee, should also be disclosed.	√			Comply with disclosure, and disclosure regarding board members and their share ownerships, see Clarification No. 9	
	21.2 The Board shall ensure that all disclosure made by the Company provides accurate and true information which is not misleading.	√				
	21.3 The Company's financial reports must comply with IFRS/IAS and ISA standards and requirements. In addition to stating whether the external auditor obtained all information needed, the external auditor report shall also state whether the Company conforms to IFRS/IAS and that the audit has been conducted in accordance with IAS.	√				
	21.4 The Company audited financial reports shall be circulated to all shareholders.	√				
Article 22 - General Rights of Shareholders and Key Ownership Elements	Shareholders have all rights conferred upon them by related laws and regulations including this Code as well as the Company's by-laws; and the Board shall ensure that shareholders' rights are respected in a fair and equitable manner.	√			Clarification no. 10-Shareholders rights, capital structure and minority rights.	

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Article 23- Ownership Records	<p>23.1 The Company shall keep valid and up to date records of share ownership.</p> <p>23.2 Shareholders shall have the right to review and access for free the Company's shareholders' register at the Company's regular office hours or as otherwise determined in the Company's Access to Information Procedures.</p> <p>23.3 The Shareholder shall be entitled to obtain a copy of the following:  — Board Member register,  — Articles of Association and by-laws of the Company,  — Instruments creating a charge or right on the Company's assets,  — Related party contracts and any other document as the Authority may decide upon payment of a fee determined by the Authority.</p>	√			In accordance with system applied by Qatar Stock Exchange and as per Articles 159 & 160 Of Commercial Law, the Company deposited the shareholders records at Qatar Stock Exchange and authorized QSE to maintain and keep this record.	
Article 24- Access to Information	<p>24.1 The Company shall include in its articles of association and by-laws Procedures of Access to Information to ensure that shareholders rights of access to Company documents and information in a timely manner and on a regular basis, are preserved. The Access to Information Procedures shall be clear and detailed and shall determine (i) the Accessible Company Information including the types of information that is made accessible on an on-going basis to individual shareholders or to shareholders representing a minimum percentage of the Company's share capital, and (ii) clear and express procedures to access such information.</p> <p>24.2 The Company shall have a website where all relevant information and public information and disclosures must be posted. This includes all information that is required to be made public by this Code and any related laws and regulations.</p>	√			The Articles of Association have been amended in accordance with Commercial Law 11/205 and Governance Code and were adopted at the General Assembly held on 05/04/2016. The proposed includes articles relevant to access to information and its procedures.	

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 25 - Shareholders Rights with Regard to Shareholders' Meetings	The Company's articles of association and by-laws shall include provisions ensuring effective shareholders' right to call for a General Assembly and be convened in a timely manner; the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon; and the right to make informed decisions.	√			The Articles of Association have been amended in accordance with Commercial Law 11/205 and Governance Code, and were adopted at General Assembly held on 05/04/2016. The proposed includes articles relevant to shareholders rights and other rights.	
Article 26- Equitable Treatment of Shareholders and Exercise of Voting Rights	26.1 All shares of the same class, shall have the same rights attached to them.	√				
	26.2 Proxy voting is permitted in compliance with related laws and regulations.	√				
Article 27- Shareholders' Rights Concerning Board Members' Election	27.1 The Company's articles of association and by-laws shall include provisions ensuring that shareholders are given information relating to Board Members' candidates including a description of candidates' professional and technical skills, experience and other qualifications.	√			The Articles of Association have been amended in accordance with Commercial Law 11/205 and Governance Code, and adopted at General Assembly held on 05/04/2016. The proposed includes articles relevant to shareholders rights regarding electing Board Members via proxy voting and to provide information to shareholders regarding nominees.	
	27.2 Shareholders shall have the right to cast their votes for Board Member's election by Cumulative Voting.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 28 - Shareholders' Rights Concerning Dividend Distribution	The Board of Directors shall submit to the General Assembly a clear policy on dividend distribution. This shall include the background and rationale of such policy in terms of the best interest of the Company and the shareholders.	√			Clarification No. 11-Dividend distribution policy	
Article 29 - Capital Structures, Shareholders' Rights, Major Transactions	29.1 Capital Structures should be disclosed and Companies should determine the type of shareholders agreements that should be disclosed.	√			Capital Structure-Clarification No. 12	
	29.2 Companies shall adopt in their articles of association and/or by-laws provisions for the protection of minority shareholders in the event of approval of Major Transactions where the said minority shareholders have voted against such Major Transactions.	√				
	29.3 Companies shall adopt in their articles of association and/or by-laws, a mechanism ensuring the trigger of a public offer or the exercise of Tag Along Rights in the case of a change in ownership exceeding a specific percentage (threshold). The thresholds should take into consideration shares held by third parties but under the control of the disclosing shareholder, including shares covered by shareholder agreements which should also be disclosed.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 30 – Stakeholders’ Rights	30.1 The rights of Stakeholders are to be respected. Where Stakeholders participate in the corporate governance arrangements; they shall have access to relevant, sufficient and reliable information on a timely and regular basis.	√			The Company adopted Policies, General Provisions and HR, Policies manual that includes equality and nondiscrimination. Clarification No. 6 –Incentives and Remunerations Policy. The Company adopted Policies, General Provisions and HR, Policies manual that insures confidentiality mechanism and protection.	
	30.2 The Board of Directors shall ensure that the Company’s employees are treated according to the principles of fairness and equity and without any discrimination whatsoever on the basis of race, gender, or religion.	√				
	30.3 The Board shall develop a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company.	√				
	30.4 The Board shall adopt a mechanism enabling company employees to report to the Board suspicious behavior, where such behavior is unethical, illegal, or detrimental to the Company. The Board shall ensure that the employee addressing the Board shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee’s superiors.	√				
	30.5 Companies shall fully comply with the provisions of this Article, being exempted from the principle of compliance or justify not to comply.	√				

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
Article 31 - The Corporate Governance Report	31-1 The Board shall prepare an annual Corporate Governance Report signed by the Chairman.	√			Internal Control have not recorded during 2015 any defect or serious flaw in Company financial performance. Similarly, none was recorded regarding Company management. Clarification No. 13-Risk Management Policy	
	31-2 This Report shall be submitted to the Authority on an annual basis and whenever required by the Authority, and shall be accompanied by the Annual Report prepared by the Company in compliance with periodic disclosure.	√				
	31-3 The Agenda for the ordinary meeting of the General Assembly shall include an item for Corporate Governance Report, and a copy of the same distributed to shareholders during the meeting.	√				
	31-4 the Authority. The said Report shall be published and shall include all information related to the application of this Code, including notably:	√				
	1- Procedures followed by the Company in this respect;	√				
	2- Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future;	√				
	3- Members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration;	√				
	4- Internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management;	√				
5- The procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes;	√					

Article No.	Item No.	Comply	Not Comply	NA	Governance Implementation	Justification for non-compliance
	6- Assessment of the performance of the Board and senior management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board;	√				
	7- Internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements);	√				
	8- The Company's compliance with applicable market listing and disclosure rules and requirements;	√				
	9- The Company's compliance with Internal Control systems in determining and managing risks;	√				
	10- All relevant information describing the Company's risk management operations and Internal Control procedures.	√				

## **COMPLIANCE MANAGER**

The Company has appointed a compliance manager in order to enhance and activate communication with the supervisory authorities, as mentioned in previous reports. The compliance manager's role is to coordinate between the Company and any supervisory authority in relevance to the Corporate Governance Code and its implementation.

Name: Dr. Adnan Ali Steitieh  
Capacity: Executive Manager-Board Secretary  
Telephone: +974 4483 0439  
Email: a.steitieh@salaminternational.com

## **COMPANY PLANS FOR 2017**

Now that the Company has adopted the Board Charter, Corporate Governance Code and good governance policies, we will continue to meet the requirements of the Code and adhere to its rules and regulations to achieve full compliance.

The Company will hold workshops for the Board of Directors and Executive Directors on governance applications.

The Company will also review and update human resource policies and regulations, including professional standard of conduct that reflect the Company's values, and ensure behavioral integrity.

Finally, the Board of Directors at SILL would like to stress its adherence and full compliance with the corporate governance code in the past, present and future. SILL considers the CG Code as a system to sound management and a means to reconcile the varying interests of stakeholders of different and to evenly distribute the rights and responsibilities within a framework of transparency, integrity, disclosure and equal opportunity.

Furthermore, the CG Code enhances SILL's legacy in corporate management which stimulates all Board members and all Company employees to act as business entrepreneurs and at the same time fully comply with the rules of transparency, integrity and solid conduct for the common goal to achieve sound and sustainable growth and achieve additional benefits to shareholders.

**Issa AbdulSlam Abu Issa**

Chairman of the Board of Directors

#### **Clarification No. 1**

#### **JUSTIFICATIONS NOT TO SEPARATE THE POSITIONS OF CHAIRMAN AND CEO:**

The SILL administrative and organization structure is built on the decentralized model. The homogenous subsidiaries and the business units were grouped into four major sectors, each sector is managed by an executive director with wide ranging authorities in defining the work objectives, plan and budget and also in appointing staff. Therefore, although the Chairman retains the position of CEO, there is effective separation per sector regarding CEO due to decentralized decision-making mechanism as explained above. There is therefore no single individual at the Company with absolute power in decision making.

#### **Clarification No. 2**

#### **BOARD PERFORMANCE EVALUATION POLICY**

The Nomination Committee, as part of its multiple tasks, conducts annual objective self-evaluation of the Board Members. 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.

#### **Clarification No. 3**

#### **NON-CONFLICT OF INTERESTS POLICY**

The Company prohibits the Chairman, members of its Board of Directors, its executive 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. Members of the Board and Executive Directors 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.

#### **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 interests, 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 transaction. And in any case, such 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
6. 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 matter is discussed.

**Clarification No. 4**  
**TYPICAL COMPANY CIRCULAR REGARDING DISCLOSURE**

Date: .. / .. / ...

Ref. XXXXXX

Mr. XXXXXXXXXXX

Dear Sir,

Subject: Prohibition of Purchase and Sale of Shares

Due to proximity of publication of the financial results for the fiscal period ending on .././ ....., kindly note that the prohibition period for purchase and sales of Company shares by the Members of Board and executive Directors as stated in Article No. 173 of the Qatar Stock Exchange Bylaws, is hereby effective starting from the day of .... on .././... till the day of ..... on .././.... Otherwise, purchase and sale of shares is permitted, provided that the QSE is advised.

Therefore, you are kindly requested to refrain from issuing purchase or sale orders regarding Company shares, whether in your names or the names of your relatives of the first degree starting from the day of .... on .././... till the day of ..... on .././....

Sincerely yours,

**Clarification No. 5**  
**MEMBERSHIP COMMITTEE (NOMINATIONS), CONSISTING OF THE FOLLOWING:**

1. Mr. Nasser Suliman Haidar Mohammad Al Haidar
2. Mr. Ali Haidar Suliman Al Haider
3. H.E Sheikh Ali bin Ghanim Al Thani
4. Mr. Abdulsalam Issa Abu Issa
5. Dr. Adnan Ali Steitieh

Investment Committee, consisting of:

1. Mr. Issa Abdulsalam Abu Issa
2. H.E Sheikh Nawaf bin Nasser bin Khalid Al Thani
3. Mr. Hussam Abdulsalam Abu Issa
4. Mr. Nasser Suliman Haidar Mohammad Al Haidar
5. Mr. Jassim Mohammad Abdulghani Al Mansouri
6. Mr. Bassam Abdulsalam Abu Issa
7. Dr. Adnan Ali Steitieh

Audit Committee, comprising of:

1. Mr. Ali Haidar Suliman Al Haider
2. H.E Sheikh Ali bin Ghanim Al Thani
3. Mr. Badr Ali Al Sada
4. Mr. Hani Abdulkader Al Kadi
5. Mr. Hussam Abdulsalam Abu Issa
6. Mr. Bassam Abdulsalam Abu Issa
7. Mr. Abdulsalam Issa Abu Issa
8. Dr. Adnan Ali Steitieh

Remuneration Committee, comprising of:

1. H.E Sheikh Nawaf bin Nasser bin Khalid Al Thani
2. Mr. Hani Abdulkader Al Kadi
3. Mr. Jassim Mohammad Abdulghani Al Mansouri
4. Mr. Badr Ali Al Sada
5. Dr. Adnan Ali Steitieh

**Clarification No. 6**  
**COMPANY STAFF, BOARD REMUNERATION AND HIGHER EXECUTIVE MANAGEMENT REWARDS AND INCENTIVES**

**FIRST: COMPANY STAFF REWARDS AND INCENTIVES**

Pursuant to the Company's public strategy aimed at achieving sustainable growth and 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 scorecard. 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 (5%) 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 regards.
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, at the Board's discretion.

## **Clarification No. 7**

### **SIIL POLICY REGARDING APPOINTING EXTERNAL AUDITORS**

The Policy of SIIL to contract with external auditors (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 (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.
  - f- 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.
  - g- To inform both the Ministry and the Authority with the name of the auditor nominated by the Board.
  - h- 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 Statute.
    4. Inspect the Company financial and administrative systems, its internal financial control systems and ascertain their suitability to the well going 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 respective authority.
- i- 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 enable to show 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 to provide 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 in the Board's 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 Statute 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.

## **Clarification No. 8**

### **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:

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

## **Clarification No. 9**

### **ADHERENCE TO DISCLOSURE AND DECLARATION OF BOARD MEMBERS AND SHARES OWNERSHIP**

#### **FIRST-ADHERENCE TO THE RULES AND CONDITIONS GOVERNING THE DISCLOSURE AND LISTING IN QATAR EXCHANGE:**

- 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.
- 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.

- The Company released in 2016 a total of 7 press releases and disclosures 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.

- 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.

- The Company has disclosed the names of the members of the committees emanating from the Board as well as their frameworks and by-laws.

- 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. The Company will continue to publicize all information, disclosures and data upon availability and/or periodically.

- 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.

- The Company publishes annually its budget, profit and loss account, the report of the Board of Directors and the full text of the auditors’ report, including the, and clarifications, the Company’s disclosures contained therein, at two local newspapers and at the Company website and GSE website.

**SECOND: MEMBERS AND EQUITY AS OF 29/12/2016:**

Name	Brief Introduction	No. of Shares	Percentage
<p>Mr. Issa AbdulSalam Abu Issa, Chairman</p>	<ul style="list-style-type: none"> <li>– Chairman of the Board of Directors and CEO of Salam International Investment Limited-Qatar.</li> <li>– Chairman of the Board of Directors of Salam Bounian for Development-Qatar.</li> <li>– Vice-Chairman of Serene Real Estate Development Co-Lebanon.</li> <li>– Secretary General of Qatari Businessmen Association.</li> <li>– Member of the Board of Trustees for Al Shaqab Equestrian Academy-Qatar.</li> <li>– Member of the World Economic Forum-Davos.</li> <li>– Member of the Arab Business Council.</li> <li>– Board Member in many other esteemed regional companies.</li> <li>– He holds a degree in Business Administration from San Diego University – USA and has over 35 years of professional experience.</li> </ul>	15,656,223	13.70%
<p>Mr. Hussam AbdulSalam Abu Issa, Vice Chairman</p>	<ul style="list-style-type: none"> <li>– Vice-Chairman of the Board of Directors and COO of Salam International Investment Limited.</li> <li>– Board Member at Doha Insurance Company.</li> <li>– Member of the advisory council for College of Administration and Economy at Qatar University.</li> <li>– Former member of the Al-Ballagh Cultural Society.</li> <li>– Member of the International Dean Council of Harris School of Public Policy at Chicago University</li> <li>– Member of the GCC Chamber of Commerce.</li> <li>– Member of the Islamic Chamber of Commerce and the Advisory Committee for the ICP Bosphorus Conference-Turkey.</li> <li>– He also serves on the Advisory Board of the Amideast Educational Establishment-Lebanon.</li> <li>– Member of the international advisory council for PAC in San Francisco.</li> <li>– Member of the Qatari-German Businessmen Council.</li> <li>– He holds a Bachelor’s Degree in Marketing from the United States, and has over 30 years of professional experience.</li> </ul>	9,829,613	8.60%
<p>HE Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani Representing Doha Insurance Company Board Member</p>	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited, representing Doha Insurance Company.</li> <li>– H.E Sheikh Nawaf is a prominent figure in the Qatar business community. He is an active player in the country’s real estate and economic growth.</li> <li>– He is credited for a great deal of experience sharing and collaboration building. He is an active participant in many esteemed companies most notably as Chairman of Nasser Bin Khaled (NBK) Holding.</li> <li>– Chairman of Al Waab City, Doha Insurance Company and also Chairman of Nasser Bin Nawaf Holding Co.</li> <li>– Member of the Board of Directors at both Arabtec and Samina Capital Fund.</li> <li>– Member of the Board of Directors of the Qatari Businessmen Association.</li> <li>– President of the Qatari French Businessmen Club.</li> <li>– Vice President of the German Arab Friendship Society.</li> <li>– H.E Sheikh Nawaf has been awarded the French Presidential Medal and bestowed a rank of a Knight, in appreciation of his unique efforts in promoting commercial relationships between Qatar and France.</li> </ul>	337,384	0.30%

Name	Brief Introduction	No. of Shares	Percentage
<p>Mr. Nasser Suleiman Haidar Al Haidar</p> <p>Board Member</p>	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited.</li> <li>– Chairman of Al Sulaiman Holding.</li> <li>– Member of Qatar’s Advisory Council and member of the Qatari Businessmen Association.</li> <li>– Member of the GCC Family Companies Council and member of the Registration and Membership Committee at the Qatari Chamber of Commerce and Industry.</li> <li>– He holds a Bachelor’s Degree in Political Science and International Relationships from Aquinas University, Michigan-USA.</li> </ul>	255,768	0.22%
<p>HE Sheikh Ali Bin Ghanem Al-Thani</p> <p>Ali bin Ali Ghanem Al-Thani Group</p> <p>Board Member</p>	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited, representing Ali Bin Ghanem Al Thani Group.</li> <li>– Chairman of the Board of Directors at Ali Bin Ghanem Al Thani Holding.</li> <li>– Vice Chairman at Ghanem Holding.</li> <li>– Member of the Board of Directors at Qatar Islamic Bank and Doha Insurance Co.</li> <li>– Former Vice Chairman at both the Gulf Investments Group and United Development Company-Qatar.</li> <li>– He holds a Master’s Degree in business administration from Cambridge University. He has published several articles and papers on economics. He is a supporting member at the Center for Arab Unity Studies.</li> </ul>	100,000	0.09%
<p>Mr. Hani Abd-el-Kader Al Kadi</p> <p>Representing the Arab Jordan Investment Bank</p> <p>Board Member</p>	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited representing Arab Jordan Investment Bank, Qatar.</li> <li>– General Manager, CEO and Board Member of the Arab Jordan Investment Bank in Amman-Jordan.</li> <li>– Authorized Board Member of the Mediterranean Company (Four Seasons Hotel) in Amman-Jordan.</li> <li>– Member of the Board of Directors of the International Bank of Jordan-London.</li> <li>– Authorized Member of the Board of Directors of the Arab Jordan Investment Bank - Qatar.</li> <li>– Member of The Coutts Middle East Advisory Board and member of the advisory council for the Middle East and North Africa at Harvard Business School.</li> <li>– He has held several previous positions including Financial Analyst at Bankers Trust Bank in New York and London and Credit Officer of JP Morgan Bank in New York.</li> <li>– He has a Master’s degree in Business Management from Harvard University-Boston 1988, and a Bachelor’s of Science Degree in Civil Engineering from Imperial College University London 1984.</li> </ul>	475,000	0.42%

Name	Brief Introduction	No. of Shares	Percentage
<p>Mr. Ali Haider Suliman Al Haider</p> <p>Suliman Brothers Company representative</p> <p>Board Member</p>	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited representing Suliman &amp; BrothersCo..</li> <li>– Vice Chairman at Salam Bounian-Qatar.</li> <li>– Vice Chairman at Suliman Brothers Co. and partner at Suliman Al Hajj Haider &amp; Sons.</li> <li>– Board Member at Ashour for Cleaning and Marketing.</li> <li>– Board Member at Al Haidar Foods Co.</li> <li>– Board Member at International Investment Bank-Bahrain.</li> </ul>	100,000	0.09%
<p>Mr. Jassim Mohammed Abdul Ghani Al Mansouri</p> <p>Board Member</p>	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited.</li> <li>– Chairman and one of the founders of iHorizons for media and information services.</li> <li>– He started iHorizons with two other partners back in 1996, and since then they expanded the company via ambitious and arching projects to several activities in Qatar and the GCC region.</li> <li>– He has experience with government and semi-government entities, and he held several positions such as Executive Director of HR at Qatar Telecom (now Ooredoo).</li> <li>– Chairman of the following companies: People Dynamics, Tawater and Habiger Production.</li> <li>– He studied in the USA where he earned his B.S. in Computer Science from Michigan University. His main strengths are relationships, communication and networking that he had built over the years, in addition to his market insight and business and management knowledge.</li> </ul>	100,000	0.09%
<p>Mr. Bassam AbdulSalam Abu Issa</p> <p>Board Member</p>	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited.</li> <li>– Executive Director – Corporate Business Development for Salam International Investment Limited.</li> <li>– Member of the investment and auditing committees at SILL.</li> <li>– Shareholder and member of the Board of Directors of “Ithmar Invest”, a regional financial investment company headquartered in Jordan, with branches in Palestine, Saudi Arabia and Qatar.</li> <li>– Board member and shareholder of Dar Al-Tamweel Islamic Finance Company, affiliated with “Ithmar Invest”.</li> <li>– Board member and shareholder of the Audacia Capital Bank licensed by the Dubai Financial Authority.</li> <li>– He graduated with a Bachelor of Arts in Industrial Relations from the University of Kent at Canterbury-England and has embarked on his career by joining Salam Studio &amp; Stores as Director of Operations in Muscat, and then took over as General Manager then became Executive Director of Retail Operations of the Salam Group.</li> <li>– He has more than 25 years of professional experience.</li> </ul>	1,139,500	1.00%

Name	Brief Introduction	No. of Shares	Percentage
Mr. Badr Ali Hussein Al Sada Board Member	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited.</li> <li>– Vice Chairman and Executive Director at Al Sada Establishment for Trading, Real Estate and Contracting.</li> <li>– Vice Chairman at Spector Trading and Contracting.</li> <li>– Board Member at Gulf Experience Electro-Mechanical.</li> <li>– Vice Chairman at La Perla Travels.</li> <li>– He is also involved in the banking sector and has studied at the College of the North Atlantic in the state of Qatar where he received his degree in Business Administration, majoring in Accounting.</li> <li>– Chairman of Enzo Trading &amp; Contracting.</li> </ul>	100,000	0.09%
Mr. Abdul Salam Issa Abu Issa Board Member	<ul style="list-style-type: none"> <li>– Member of the Board of Directors of Salam International Investment Limited-Qatar, and Deputy Chief Operating Officer.</li> <li>– Member of the Board of Directors at Salam Bounian for Development-Qatar representing SIIIL.</li> <li>– Partner at Firefly Communications.</li> <li>– He has worked in several sectors including oil and gas, banking and roads construction.</li> <li>– Member of Qatar Entrepreneurs Society.</li> <li>– He holds a master’s degree in International Finance and Economics from the University of Newcastle Upon Tyne-UK.</li> </ul>	1,540,000	1.35%
Dr. Adnan Ali Steitieh Secretary to the Board	<ul style="list-style-type: none"> <li>– Executive Director for both Corporate Legal Affairs and Investment at Salam International Investment Limited.</li> <li>– Secretary to the Board of Directors and advisor and Secretary of the Board of Directors of Salam Bounian for Development.</li> <li>– Dr. Steitieh represents Salam International in various Boards of Directors at several companies in Qatar, UAE, Saudi Arabia, Jordan, Palestine and Lebanon. He held several senior managerial positions in different companies and countries.</li> <li>– Independent member of the Board of Directors of both: Arab Jordan Investment Bank, and Palestine Investment Bank.</li> <li>– International arbitrator appointed by The Qatari International Center for Arbitration.</li> <li>– Visiting professor at Qatar University.</li> <li>– Member of the Commission for Social Responsibility Award.</li> <li>– He holds a Ph.D. in Economics and Business Administration from Leipzig Graduate School of Management in Germany and a Bachelor’s Degree in Law from the Arab University of Beirut, Lebanon, in addition to higher certificates in international relations, sustainable development, and public policy with more than 35 years of professional experience.</li> </ul>	43.001	0.04%

## **Clarification No. 10**

### **SHAREHOLDERS RIGHTS, CAPITAL STRUCTURE AND MINORITY RIGHTS**

#### **Shareholders Rights:**

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

- 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.
- 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.
- Right to Complain and Litigate i.e. the right of the shareholders who have 20% 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.
- The shareholder shall have the right to peruse the shareholders register at QE, as per the applicable Authority regulations.

- 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.
- Any shareholder(s) owning at least 10% of the capital of the company may call the Ordinary General Assembly to convene.
- Shareholders that represent at least 25% of the capital may call for the extraordinary General Assembly to convene.
- 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.
- Every share shall have the same right as all other shares of the same category.
- The shareholders are permitted to 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.
- No Board member, as shareholder at the Company, may participate in the voting for the General Assembly decisions related to his release of liability.

## **Clarification No. 11**

The adopted dividends policy aims at achieving the conformity between sustainable growth and the best revenues for shareholders, as set forth below:

#### **Dividends Policy**

The dividends policy 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.

**Clarification No. 12  
CAPITAL STRUCTURE**

The total number of Company shareholders on 31/12/2016 has reached 5473.

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

Name	Number of Shares	Ownership Percentage
Mr. Issa Abdul Salam Abu Issa	15,656,223	13.70%
Mr. Hussam Abdul Salam Abu Issa	9,829,613	8.60%
Al Hussam Holding Co.	10,972,500	9.60%

**MINORITY RIGHTS AND MAJOR DEALS**

The Company has amended its Articles of Association and Corporate Governance Code to be in conformity with Commercial Law 11/2015, and were adopted at the extraordinary General Assembly held on 05/04/2016.

The amendment has included the provisions regarding protecting 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.

**Clarification No. 13  
RISK MANAGEMENT POLICY**

The Risk Management Policy aims at determining the weaknesses, potential risks, precautionary and remedial measures to prevent, limit and prevent those risks when they arise. The Risks 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 practices and reputation.
- Information technology risks.
- Environmental risks.
- Crisis management.

The Measures Taken with Respect to Risk Management: 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 regulations regarding 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.

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

