

**Eighth Annual Governance Report (2017)**  
**Salam International Investment Limited**

**Issued by the Board of Directors of Salam International Investment Limited**

**04/02/2018**

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## 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 2016, notably Article 4 thereof. Salam International Investment Company 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 its fourth annual report (2013), which includes updating typical sections of the previous reports as well as the Company's achievements in 2013 in the implementation of the Code. SIIL also prepared all regular annual modular reports for the following years (Fifth-Sixth-Seventh).

Pursuant to the Listed Companies Governance code and legal entities with regards to the subject to the control of Qatar Financial Markets Authority, issued by the Board of Directors of Qatar Financial Markets Authority article No. (5) for the year 2016. SIIL is pleased to present its eighth annual report (2017) "Report", which contains typical sections in addition to the Company's achievements during the year 2017 in the implementation of the Code.

## Procedures followed by the Company during the year 2017, to meet the requirements of the Code

1. During 2017, the Company continued to comply with the requirements of the Code and with its rules and provisions, achieving the following:

**2. Amendment to the Statute:**

Pursuant to the provisions of the Commercial Law No. 11/ 2015, the General Assembly decided, at its extraordinary meeting held on 05/04/2016, to amend some of the Articles of the Statute in order to be in conformity with the Commercial Law.

Following the issuance of the Corporate Governance Code for companies and legal entities listed on the main market, issued on 10/11/2016, the "Governance Code", the Company complied with the amendments contained in the Governance Code by adjusting its statute to be in line with those amendments. Generally all core amendments to the new Governance Code have been met.

**3. Board of Directors Committees:**

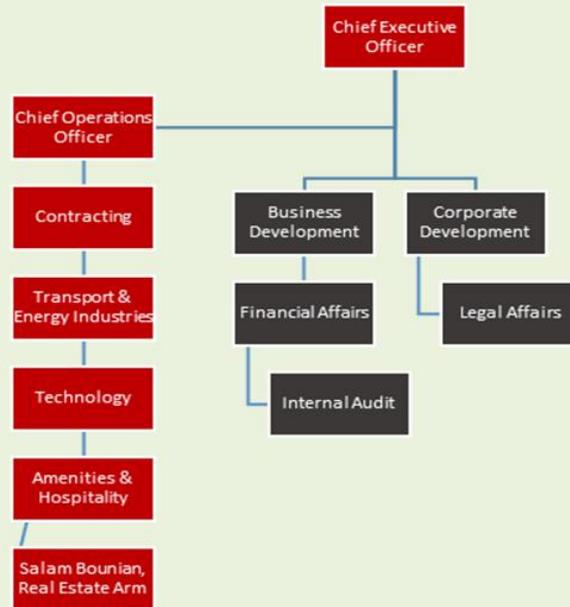
After the formation of the Board of Directors committees stipulated in the Code during the year 2013, in accordance with the provisions of Articles 18-19 of the governance Code, and after having adopted the framework and Codes of work of these committees during the year 2013, which are: Audit Committee, Remuneration Committee and the Nomination Committee of the Board of Directors (Membership Committee). In 2015, the Board of Directors restructured the committees, so that the participation of all members of the Board in each committee is expanded. The framework and working procedures of the committees have also been published on the Company's website. Part II of this report will detail the above-mentioned committees and their achievements during 2017.

**4. Internal Control:**

During 2017, the Company renewed the appointment of the Independent External Consultant, in order to carry out the internal governance functions provided for in Article 20 of the Governance Code.

**5. Organizational Structure:**

The graph below summarizes the Company's corporate central functions and the main sectors of which all subsidiaries and operations fall under.



## 6. Trainings and Workshops:

### - Board of Directors:

The Senior Executive Management continued to brief the members of the Board about the activities, business plans and the results achieved periodically by the subsidiaries and business units.

During the year 2017, the Board held a workshop to familiarize its members with the provisions of the Listed Companies Governance Code, with regards to the companies subject to the control of Qatar Financial Markets Authority. The Board of Directors also held another workshop on the unlimited liability of the partner in limited liability companies.

### - Employee Training Programs:

The Company's Human Resources department measured the results of the training programs carried out by the Company for middle and senior management, during the past years, in preparation of new training programs.

Each subsidiary also carries out training programs in its field to familiarize employees with the characteristics of the goods and services provided by the companies.

The subsidiaries operating in the construction sector provided their workers with specific training in the safety, health and the environment fields.

## Board of Directors

### 7. Board of Directors Composition:

The Board of Directors was elected in early 2015, with a mandate beginning from 2015 until the adoption of the financial statements for the year 2017. The following is a brief introduction of the members of the Board of Directors and the percentage of ownership of each in the Company's capital:

### 8. Members and share ownership as of 31/12/2017:

Name	Brief Introduction	Number of Shares	Percentage of Shares
Mr. Issa Abdul Salam Abu Issa Chairman of Board of Directors	He is the Chairman of the Board and the Chief Executive Officer of Salam International Investment Limited in Qatar, the Chairman of the Board of Salam Bounian for Development Company in Qatar, the Vice-Chairman of Serene Real Estate –Development Co. in Lebanon and Secretary General of Qatari Businessmen Association. He is also a member of the World Economic Forum (Davos), a member of the Arab Business Council and Board member of several other esteemed regional companies. Mr. Abu Issa holds a Bachelor Degree in Business Administration from San Diego University, USA, and has over 40 years of experience.	<b>15,656,223</b>	<b>%13.70</b>
Mr. Hussam Abdul Salam Abu Issa Vice-Chairman of the Board	He is the Vice-Chairman of the Board and Chief Operating Officer of Salam International Investment Limited in Qatar, a Board member of Doha Insurance Company in Qatar, a member of the Advisory Board of the College of Administration and Economy at Qatar University, a former member of the Board of Directors of Al-Ballagh Cultural Society, a member of the International Dean Council of Harris School of Public Policy at Chicago University, a member of the GCC Chamber of Commerce, a member of the Islamic Chamber of Commerce and a member of the Advisory Committee for the Bosphorus Summit ICP in Turkey. He also serves as a member of AmidEast Educational Establishment in Lebanon. He is a member of the International Advisory Council for Pac in San Francisco, a member of the Qatari-German Businessmen Council, a member of the Lebanese American University School of Business Studies, a member of the National University Hospital in Singapore and a member of the Board of Directors	<b>9,829,613</b>	<b>%8,60</b>

	<p>of AmidEast Washington.</p> <p>Mr. Abu Issa holds a Bachelor's Degree in Marketing from the United States and has 37 years of professional experience.</p>		
<p>His Excellency Sheikh Nawaf bin Nasser bin Khaled Al Thani Representative of Doha Insurance Company Member of the Board of Directors</p>	<p>He is a member of the Board of Directors of Salam International Investment Limited in Qatar, representing Doha Insurance Company. Sheikh Nawaf is a prominent figure in the Qatar business community and an active contributor to the country's real estate and economic growth.</p> <p>He is credited for a great deal of experience sharing and collaboration building.</p> <p>Sheikh Nawaf is an active participant in many esteemed companies most notably as Chairman of Nasser Bin Khaled (NBK) Holding, Chairman of Al Waab City, Chairman of Doha Insurance Board and Chairman of Nasser Bin Nawaf &amp; Partners Holding Company.</p> <p>He is also a member of the Board of Directors of Arabtec and Samina Capital Fund. Sheikh Nawaf is a member of the Board of Directors of the Qatari Businessmen Association, the President of the French Businessmen Club and Vice-President of the Arab-German Friendship Society.</p> <p>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.</p>	<b>480,000</b>	<b>%0.42</b>
<p>His Excellency Mr. Nasser Sulaiman Haidar Mohammed Al-Haidar Member of the Board of Directors</p>	<p>He is a Member of the Board of Directors of Salam International Investment Limited in Qatar, the Chairman of Al Sulaiman Holding Company, a Member of Qatar's Advisory Council and member of the Qatari Businessmen Association, a Member of the GCC Family Companies Council and a Member of the Membership and Registration Committee at the Qatari Chamber of Commerce and Industry.</p> <p>Mr. Nasser holds a Bachelor's degree in Political Science and International Relationships from Aquinas University in Michigan in the United States of America.</p>	<b>255,768</b>	<b>%0.22</b>
<p>His Excellency Sheikh Ali Bin Ghanem Al-Thani Representative of Ali Bin Ali Ghanim Al Thani</p>	<p>He is a Member of the Board of Directors of Salam International Investment Limited in Qatar, representing Ali Bin Ghanem Al Thani Group.</p> <p>He is the Chairman of the Board of Ali Bin Ghanem Al Thani Holding, Vice-Chairman of the Board of</p>	<b>100,000</b>	<b>%0.09</b>

Group Member of the Board of Directors	<p>Directors of Ghanem Holding, and a member of the Board of Directors at Qatar Islamic Bank and Doha Insurance; as well as former Vice-Chairman of both Gulf Investments Group and United Development Company in Qatar.</p> <p>Sheikh Ali Al Thani holds a Master's Degree in Business Administration from Cambridge University of. He has published many articles and papers on in economics. He is a supporting member of the Center for Arab Unity Studies.</p>		
Mr. Hani Abd-el-Kader Al-Kadi Representative of Jordan Arab Investment Bank Member of the Board of Directors	<p>He is a Member of the Board of Directors of Salam International Investment Limited in Qatar, representing Arab Jordan Investment Bank (Qatar). He is the General Manager, Chief Executive Officer and Board Member of the Arab Jordan Investment Bank in Amman. He is also a member of the Board of Directors of the International Bank of Jordan.</p> <p>He is a 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.</p> <p>Mr. Hani Al-Kadi has held several positions including: Financial Analyst at Bankers Trust Bank in New York and London and Credit Officer at JP Morgan Bank in New York.</p> <p>Mr. Al-Kadi holds a Master's Degree in Business Management from Harvard University in Boston 1988 and a Bachelor's of Science Degree in Civil Engineering from Imperial College University in London 1984.</p>	<b>475,000</b>	<b>%0.42</b>
Mr. Ali Haider Sulaiman Al Haidar Representative of Suliman & Brothers Company Member of the Board of Directors	<p>Member of the Board of Directors of Salam International Investment Limited in Qatar representing Suliman &amp; Brothers Co..</p> <p>He is Vice-Chairman at Salam Bounian in Qatar as well as Vice-Chairman at Suliman Brothers Co. and partner at Suliman Al Hajj Haider &amp; Sons.</p> <p>He is a Board Member at Ashour for Cleaning and Marketing, a Board Member at Al Haidar Foods Co. and a Board Member at International Investment Bank-Bahrain.</p>	<b>100,000</b>	<b>%0.09</b>
Mr. Jassim Mohammed AbdulGhani Al Mansouri Member of the Board of Directors	<p>He is a Member of the Board of Directors of Salam International Investment Limited in Qatar, Chairman and one of the founders of iHorizons for media, information and Services, which he founded with two of his partners in early 1996. Over 15 years, they</p>	<b>100,000</b>	<b>%0.09</b>

	<p>expanded the company via ambitious and arching projects to several activities in Qatar and the GCC region.</p> <p>Mr. Jassim has experience with government and semi-government entities, and he held several positions such as Executive Director of HR at Qatar Telecom (now Ooredoo) as well as Chairman of the following companies: People Dynamics, Tawater and Habiger Production.</p> <p>He studied in the USA where he earned his Bachelor of Science degree 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.</p>		
<p>Mr. Bassam Abdul Salam Abu Issa Member of the Board of Directors</p>	<p>Member of the Board of Directors, Executive Director of Corporate Business Development and a member of the Investment and Auditing Committees of Salam International Investment Limited in Qatar.</p> <p>Mr. Abu Issa is a 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. He is also a Board member and a shareholder in Dar Al-Tamweel Islamic Finance Company, a Board member and a shareholder In the f the Audacia Capital Bank licensed by the Dubai Financial Authority. 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.</p> <p>He has more than 25 years of professional experience.</p>	<b>1,139,500</b>	<b>1.00%</b>
<p>Mr. Badr Ali Al-Sada Member of the Board of Directors</p>	<p>He is a Member of the Board of Directors of Salam International Investment Limited in Qatar. Vice-Chairman and Executive Director of Al Sada Establishment for Trading, Real Estate &amp; Contracting, the Vice-Chairman of Sectors Trading &amp; Contracting, a Board Member of Gulf Experience Electro-mechanical, the Vice Chairman of La Parla Travel and the Chairman of Enzo for Trading &amp; Contracting and works in the Banking Sector.</p> <p>He completed his studies at the College of North</p>	<b>100,000</b>	<b>%0,09</b>

	Atlantic in the state of Qatar where he received his degree in Business Administration, majoring in Accounting.		
Mr. Abdul Salam Issa Abu Issa Member of the Board of Directors	<p>He is a Member of the Board of Directors of Salam International Investment Limited in Qatar, and Deputy Chief Operating Officer, a member of the Board of Salam Bounian for Development in Qatar representing Salam International Investment Limited.</p> <p>He is a partner at Firefly Communications. Mr. Abu Issa has worked in the oil and gas, banking and road construction sectors and is a member of Qatar Entrepreneurs Society.</p> <p>Mr. Abdul Salam Abu Issa holds a Master's Degree in International Finance and Economics from the University of Newcastle.</p>	<b>1,661,206</b>	<b>%1.45</b>
Mr. Adnan Ali Steitieh Secretary of the Board of Directors	<p>He is the Executive Director of Legal Affairs and Investment, as well as Secretary of the Board of Directors of Salam International Investment Limited. Advisor and Secretary of the Board of Salam Bounian for Development.</p> <p>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.</p> <p>Dr. Adnan is an independent member of the Board of Directors of both: Arab Jordan Investment Bank, and Palestine Investment Bank.</p> <p>Dr. Adnan is also an independent member of the International arbitrator appointed by The Qatari International Center for Arbitration, a visiting professor at Qatar University and a Member of the Commission for Social Responsibility Award.</p> <p>Dr. Steitieh 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.</p>	<b>45,001</b>	<b>%0.04</b>

## **9. Election and composition of the Board of Directors: -**

The members of the Board of Directors are elected by the Company's General Assembly and the Board of Directors is formed in accordance with the provisions of the Law and the Articles of Association of the Company. At least one third of the members of the Board shall be independent Board Members and the majority of the Board Members shall be Non-Executive Board Members. One or more seats may be allocated to represent the minorities and another to represent the employees of the Company.

In all cases, the formation of the Board must ensure that no one or more members are in charge of the decision making process.

The Board of Directors must meet the conditions listed above.

The Board consists of:

- Independent members:

His Excellency Sheikh Nawaf Bin Nasser Bin Khaled Al Thani (representing Doha Insurance Company).

His Excellency Mr. Nasser Suliman Haider Al-Haidar.

Mr. Ali Haider Suliman Al Haidar (representing Suliman & Brothers Co.).

Mr. Hani Abd-el Kadir Al Kadi (representing Arab Jordan Investment Bank - Qatar).

His Excellency 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.

- Executives (non-independent):

Mr. Issa AbdulSalam Abu Issa (Chairman)

Mr. Hussam AbdulSalam Abu Issa (Vice-Chairman)

Mr. Bassam Abdul Salam Abu Issa (Executive Director)

Mr. AbdulSalam Issa Abu Issa (Deputy Chief Operations Officer)

Upon the adoption of the financial results for 2017, and the election of a new Board of Directors, the membership of the current Board of Directors will expire. A new Board of Directors is expected to be elected before the end of the first quarter of 2018.

A brief introduction of each member of the Board of Directors has been posted on the Company's website: [www.salaminternational.com](http://www.salaminternational.com)

## **10. Chairman and Chief Executive Officer (CEO):**

In accordance with the provisions of the law in this regard, no one person shall be in his capacity as Chairman or Vice-Chairman of more than two companies whose head offices are in the State of Qatar, or to be a member of the Board of Directors of more than three companies whose head offices are in the State of Qatar, or to be a delegated member of the management in more than one Company whose head office is in the state of Qatar, nor to combine the membership of the Board of Directors of two companies that practice a homogeneous activity. The law also prohibits the combination of the presidency of the Board and any executive position in the Company. The president may not be a member of any of the Board committees stipulated in this Code. The

Chairman and the members of the Board shall submit an annual declaration to be kept by the Secretary in the portfolio that is prepared for this purpose, in which each of them shall agree not to combine the positions which are prohibited in accordance with the law and the provisions of this Code.

In fact, the administrative and organizational structure of the Company was built on a decentralized model, where the homogeneous subsidiaries and business units were grouped into four major sectors. Each sector is managed by an Executive Director, with wide ranging authorities in defining the objectives, plan and budget of the work, and also in appointing staff. Therefore, although the Chairman retained the position of CEO, there is effective separation between the two positions, due to the decentralization of the decision-making mechanism as explained above.

The existing mandate of the Board of Directors ends with the occurrence of the General Assembly and the election of a new Board of Directors which is expected to be held on 26/02/2018 or any date that the said meeting may be differed to. These arrangements will be taken into account by the new Board of Directors for adoption or for further arrangements regarding the combination of two positions.

#### **11. Board of Directors Membership Terms:**

The following conditions are required for the candidate to be eligible for membership of the Board of Directors:

- A. The candidate must be at least twenty-one years old.
- B. Shall not be sentenced to a criminal penalty, an offense against honor or trust, or a crime referred to in Article 40 of Law No. (8) of 2012 on the Qatar Financial Markets Authority, Articles 334 and (335) of Law No. (11) for the year 2015 to issue the Commercial Law or to be prohibited from practicing any work in the entities subject to the Authority's supervision under Article 35 (12) of Law No. (8) for the year 2012, or had been declared bankrupt unless his name has officially been cleared.
- C. To own one hundred thousand (100,000) shares of the Company.
- D. To deposit one hundred thousand (100,000) of his owned shares in one of the accredited banks within (60) days from the date of the commencement of the membership, or from the date the shares are registered as management shares at the Qatar Exchange. This is done in order to guarantee the rights of the Company, shareholders, creditors and third parties of the responsibility of the members of the Board of Directors so that such shares shall continue to be deposited with a non-negotiable, mortgage or attachment until the end of the term of office and the validity of the budget of the last fiscal year carried out by the member.
- E. With regard to shareholders appointed to the Board of Directors for owning a percentage of 10% of the Company's shares, their entire share should also be deposited in one of the approved banks or marked on the Qatar Stock Exchange as management shares, in return for membership in the Board of Directors. In case of loss of membership for any reason, the provisions of the preceding paragraph will apply to the shares of the Administration.
- F. The Board members must be qualified, have adequate knowledge of management and appropriate expertise to perform their duties effectively, and must devote sufficient time to carry out their work with integrity and transparency in the interest of the Company, its goals and objectives.

- G. Upon his election, every member of the Board of Directors should immediately sign a Declaration of Conformity under which he undertakes to abide by the provisions of the contract and the Articles of Association, and any other laws or regulations governing joint stock companies and their Board of Directors.
- H. Each member must sign a declaration that the conditions of membership of the Board of Directors are met and that he shall not take any position that legally prohibits him from combining it with the membership of the Board, in accordance with the provisions of the law and the Code of Governance and the statutes.
- I. Any legal person, or regular person representing a legal person as a member of the Board of Directors, or a member of the Board of Directors, shall continue to abide by the guiding principles contained in these Regulations and the Charter of the Board of Directors.

## **12. Loss of Board Membership:**

A member of the Board of Directors loses his membership in the following cases:

- A. If he breaches or loses any of the membership conditions of the Board of Directors mentioned in item 10 above.
- B. If he misses attending (3) three consecutive meetings of the Board; or (4) four non-consecutive meetings without an acceptable excuse during his term of office.
- C. If he resigns from office with a written notice, approved by the Board of Directors and in accordance with the provisions of the law.
- D. If he is in violation of the provisions of Article 98 of the Law.
- E. If the member has no solvency, suitability or good reputation, or if he subsequently loses any of them.

**13. A member of the Governing Council** may withdraw from the Board, provided that it is in a timely manner. Otherwise he is liable by the Company.

## **14. Duties of Board Members:**

The Company adopted a charter for the Board of Directors in 2013. The Company will amend the charter after the election of the new Board of Directors.

The Charter includes the duties of the members of the Board of Directors in detail, including the following:

- A. Adopting the strategic plan and the main objectives of the Company.
- B. Establishing an internal control system with general supervision on them.
- C. Developing a corporate governance Code.
- D. Establishing clear, specific policies, criteria and procedures for the membership of the Board of Directors.
- E. Developing a written policy governing the relationship between stakeholders.
- F. Developing policies and procedures to ensure that the Company respects the regulations.
- G. Inviting all shareholders to attend the General Assembly meeting.
- H. Approving nominations for senior management positions.
- I. Developing a mechanism for dealing and cooperating with financial service, financial analysis and credit rating providers.

- J. Developing awareness programs for spreading the culture of self-control and risk management in the Company.
- K. Adopting a clear and written policy setting forth the basis and manner of awarding the remuneration of Board members.
- L. Establishing a clear policy for contracting with the concerned parties.
- M. Establishing the foundations and criteria for assessing the performance of the Board and the senior executive management.

#### **15. Chairman Duties:**

The Chairman is the President of the Company, representing it to third parties and before the law. He shall be responsible for the effective and productive management of the Company and for the interests of the Company, partners, shareholders and other stakeholders. The Charter of the Board of Directors shall include the duties and responsibilities of the Chairman, including at least the following:

- A. Ensuring that the Board discusses all key issues in an effective and timely manner.
- B. Approving the meeting agendas, taking into account any question raised by any member of the Board.
- C. Encouraging the members of the Board to participate collectively and effectively in the conduct of the affairs of the Board, in order to ensure that they fulfill its responsibilities in the interest of the Company.
- D. To make available all data, information, documents and records of the Company, the Board and its committees to the Board members.
- E. To find channels of effective communication with shareholders and to communicate their views to the Board.
- F. To allow non-executive members of the Board, in particular, to participate actively and to encourage constructive relations between Executive and non-Executive Board members.
- G. To ensure that members are regularly informed of the implementation of the provisions of this Code. The Chairman may delegate the Audit Committee or others in this matter. The Vice-Chairman shall replace the Chairman in his absence. The Chairman may delegate to other members of the Board in some of his authorities.
- H. Ensuring an annual evaluation of the Board's performance.

#### **16. Board of Directors Functions and Responsibilities:**

The Board of Directors shall, in general, have all power and authority to manage the Company and to carry out all acts required by this management in accordance with its purpose, and shall not limit such powers and authorities, except as provided for by law, Company regulation or General Assembly resolutions.

The Board represents all the shareholders and should take the necessary care needed in the management of the Company in an effective and productive manner for the interest of the Company, partners, shareholders, stakeholders, public benefit, investment development in the country and community development, and shall be responsible for protecting shareholders from acts and practices that are illegal or any acts and decisions that may cause them harm, discriminate between them or enable a class over another.

The Board's responsibilities must be clearly defined in the Company's Articles of Association and the Charter of the Board referred to in the preceding Article.

The Board - in a manner not contrary to the provisions of the law - should perform its functions and duties, and bear responsibility. In particular, the Board is responsible for the following:

- A. The Board shall perform its functions with responsibility, good faith, seriousness and interest; its decisions shall be based on adequate information from the executive management or from any other reliable source.
- B. Each member of the Board shall represent all the shareholders, and shall commit himself to the interests of the Company, not the interest of his representative or of those who voted for his appointment to the Board.
- C. The Board shall determine the authorities delegated to the Executive Management, the decision-making procedures and the duration of the mandate. It shall also specify the subjects that retain the power to decide. The Executive Management shall submit periodic reports on how it exercises delegated authorities.
- D. The Board shall ensure that procedures are established to introduce any new members of the Board to the Company, especially the financial and legal aspects, as well as their training if necessary.
- E. The Board shall ensure that the Company shall have adequate information on its affairs to all members of the Board in general and to non-executive members in particular in order to enable them to carry out their duties and functions efficiently.
- F. The Board may not undertake loan contracts that exceed three years' duration, sell or mortgage the Company's properties or discharge the debtors of the Company from their obligations unless they are authorized to do so in the Company's system and in the conditions stipulated therein. The Board may carry out such acts only with the authorization of the General Assembly, unless such acts are included in the Company Bylaw.

#### **17. Delegation of Tasks:**

The Board may delegate some of its functions and constitute special committees for the purpose of undertaking specific operations on its behalf; provided that this decision stipulates the nature of such tasks. The Board should avoid issuing generic or indefinite mandates.

#### **18. Secretary of The Board's Qualifications and Appointment:**

##### **- Qualifications and Appointment of the Secretary:**

The Secretary of the Board of Directors shall, in general, organize and plan all the meetings and activities of the Board of Directors, its committees and the General Assembly of the Company. He also monitors the implementation of the decisions of the Board of Directors and the directives of the Chairman.

The Secretary of the Board shall be appointed by a decision of the Board of Directors for the term of the Board and shall be reappointed with the election of each new Board.

The current Secretary has the required qualifications. He holds a higher degree in economics and management in addition to a bachelor's degree in law and political science. He is an accredited arbitrator at Qatar International Center for Arbitration and Conciliation and as associate professor at Qatar University. He enjoys nearly 40 years of experience including 16 years in handling the affairs of listed companies that have been on the market for more than 20 years.

#### **- Duties of the Secretary:**

The Secretary shall assist the Chairman and all members of the Board in the tasks they perform.

- A. To record the Board's minutes of meeting, specifying the names of the members present and absent, indicating what took place at the meeting and confirming the members' objections to any decision issued by the Board.
- B. Record the decisions of the Board in the register prepared for this purpose, by date of issue.
- C. Schedule and arrange the meetings held by the Board in the register prepared for this purpose in accordance with the date of the meeting, indicating: the members present and absent, the decisions taken by the Board at the meeting and the objections, if any.
- D. Keep track of the Board's minutes of meeting, its resolutions, reports and all records and correspondence in paper and electronic formats.
- E. Send the meeting invitation to the members of the Board, and the participants, if any, with the agenda at least two weeks prior to the date of the meeting and receive requests from members to add one or more items to the agenda.
- F. Full coordination between the Chairman and the members of the Board and among the members themselves, as well as between the Board, concerned parties and stakeholders, including shareholders, management and employees.
- G. Enable the Chairman and Members to have quick access to all Company documents, as well as its information and data.
- H. Store the declarations of the members of the Board making sure not to combine the positions prohibited of being combined in accordance with the law and the provisions of this Law.
- I. Circulate the relevant resolutions of the General Assembly and the Board of Directors to subsidiaries and specialized departments.
- J. Ensure the proper delivery and distribution of information and coordination among Board members and other stakeholders, including shareholders, management and employees, and ensure full and rapid access to all minutes of Board meetings, information, documents and records relating to the Company.
- K. Sign the Company's correspondence regarding the execution of the tasks entrusted to him, whether mentioned above or any additional tasks that may be assigned to him.
- L. Coordinate between the committees of the Council in general.
- M. Enable all members of the Board to benefit from the services of the Secretary and advice within the scope of his duties.
- N. Any other tasks commissioned by the Board of Directors or by the Chairman.

#### **19. Board Meetings:**

The Board of Directors meets on a regular basis or when an invitation is made by its Chairman or at the request of at least two members of the Board of Directors. In accordance with the Company's Articles of Association. All members of the Board should be invited to the meeting at least one week in advance of the date of the meeting. Items can be added to the agenda at the request of a member. The Board of Directors must meet at least six times during the Company's fiscal year. Three full months must not pass without a Board meeting. The provisions of article 104 of the Act apply to the organization of Board meetings. Board meetings shall be valid only in the presence of the majority of the members, including the Chairman or the Vice-Chairman.

An absent member may appoint a member of the Board to represent him in attendance and voting. However, a member may not represent more than one member at a time. If a member of the Board fails to attend three consecutive meetings or four non-consecutive meetings without an accepted excuse, the Board considers him resigned from his duties.

Participation in Board meetings is allowed by any means of secured modern technology, which enables the participant to listen and participate actively in the Board discussions and the issuance of decisions.

The Board of Directors held 6 meetings during 2017 and has thus satisfied the requirements of Article 104 of the Law, Article 14 of the Governance Code, and Article 29 of the Company's Articles of Association.

**Board of Directors' meeting schedule for the year 2017:**

Meeting	Date	Number of Original Attendees	Number of Representative Attendees	Absence
1 / 2017	6 February 2017	11	-	-
2 / 2017	26 February 2017	10	1	-
3 / 2017	29 April 2017	10	1	-
4 / 2017	22 June 2017	11	-	-
5 / 2017	6 August 2017	8	3	-
6 / 2017	29 October 2017	9	2	-

**20. Board of Directors Committees:**

Upon its election, the Board shall, at its first meeting, assign at least three specialized committees to assist it in the performance of its functions:

**1. Audit Committee:**

- **Consisting of the following:**

Mr. Ali Haider Suliman Al-Haidar	Chairman
Sheikh Ali Ghanem al-Thani	Member
Mr. Badr Ali Al-Sada	Member
Mr. Hani Abd-El Kadir Al-Kadi	Member
Mr. Hussam AbdulSalam Abu Issa	Member
Mr. Bassam Abdul Salam Abu Issa	Member
Mr. AbdulSalam Issa Abu Issa	Member
Mr. Dr. Adnan Ali Steiyeh	Secretary

- **Audit Committee and Internal Audit Department's Charter and scope of work:**

- **Structure and composition of the Committee and its scope of work:**

- A. The Committee shall comprise of at least three members, the majority of whom should be independent members; and the committee must include at least one member with financial and audit experience. In the event that the number of independent members available was

not sufficient to complete the audit Committee, the Company may appoint non-independent members provided that the Chairman of the Committee is independent.

- B. 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.
- C. The Committee shall meet at least four times a year (every three months) or whenever needed. Either at the invitation of its Chairman or at the request of two of its members. Members of the Committee shall be informed of the date of the meeting, either in writing or via e-mail, five working days prior to the date of the meeting.
- D. The members of the Committee shall, at their first meeting, adopt and make public its terms of reference its main roles and responsibilities in form of a Committee Charter. In addition to appointing the Secretary of the Committee.
- E. The Committee shall publish its Committee Charter after it is approved by the Board of Directors.
- F. The minutes of meeting and Committee decisions must be recorded in a register. The minutes and decisions should then be signed by all members of the Committee present, and a copy should be sent to the Secretary of the Board of Directors.
- G. The Committee should establish a Charter, which ensures the speedy completion of its agendas and the issuance of its decisions, as well as the supervision of the implementation of such decisions.  
The quorum of the Committee is complete upon the attendance of no less than two-thirds of its members.
- H. Decisions of the Committee shall be taken via consensus of the members. If this is not possible, the positions of its members will be documented and the decisions will be issued based on a two-thirds majority of its members.
- I. 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.
- J. The Secretary of the Committee should coordinate and document the Committee's work through minutes of meeting, in addition to ensuring that the information, in the minutes is fully and promptly accessible to all members of the Committee.
- K. The Committee may hold its meetings remotely, by means of video calls, conference calls or through electronic mail exchange. Such meetings shall be documented and recorded by the participating members of the Committee, otherwise they shall be deemed void. A member can delegate another member to attend on their behalf, provided that each member does not represent more than one member at a time and that the number of members present is not less than the majority of the members of the Committee.
- L. The committee is formed by the Board of Directors' decision. The Committee shall be reconstituted with each re-election of the Board, and may be reconstituted before the expiration of the existing mandate of the Board, if necessary.

**- The Committee's Charter and authorities:**

In general, the Committee should undertake all matters relating to the verification of the integrity of financial and supervisory policies and procedures and risk management. In particular, it undertakes the following tasks:

- A. 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.
- B. 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, and review their work plans.
- C. Recommend to the Board of Directors the appointment of the Internal Audit Manager.
- D. 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 disclosure rules and any other requirements relating to the preparation of financial reports; and
  - 7. Compliance with the applicable listing Rules in the Market.
- E. Meet external auditors at least once a year.
- F. Examine any important and extraordinary matters, including financial reports, interim and final accounts, and carefully investigate any matters raised by the Company's CFO, compliance officer or external auditors.
- G. Supervise the internal audit and risk management activities, even if they were provided by an external expert house.
- H. Review of financial and internal control and risk management systems.
- I. Evaluate the effectiveness and adequacy of the system and the scope of internal audit programs.
- J. Discuss the internal control system with management to ensure that management performs its duty towards the development of an effective internal control system.
- K. Look into the results of investigations of internal control matters.
- L. Ensure the coordination between internal and external auditors.
- M. Review the Company's financial and accounting policies and procedures periodically and whenever needed.
- N. Establish a confidential reporting system for stakeholders on any matters that raise suspicion or doubt in financial reporting or internal controls. Ensuring an independent and fair investigation of these matters, and protecting the person reporting such matters from any adverse reaction or damage that may arise.
- O. Verify the extent to which the Company complies with the application of the rules of professional conduct in the approved policies.
- P. The committee may employ experts and specialists if necessary at the expense of the Company.
- Q. The Committee may obtain any information and data in order to conduct its work and invite any member of the Board of Directors or the Executive Directorate of the Company and Affiliates to attend its meetings and discuss them in a specific matter highlighted in the meeting's invitation.

- R. The Committee should submit periodic reports on the results of its work and its recommendations to the Board of Directors for approval within the Company's policies.
- S. The Committee should assume any other functions delegated to it by the Board of Directors and fall within its competencies.
- T. The Company will reconstitute the committee, and adjust its functions in accordance with the provisions of the governance code, after the election of the new Board of Directors.

- **The Committee's achievements during the year 2017:**

- A. The Committee held six meetings during the year 2017 where they discussed the 2017 budget, the final financial statements for the year ended 2016 and the quarterly and semi-annual financial statements for the year 2017. It also reviewed the final financial statements for 2017 at the beginning of February 2018. This is in accordance with the provisions of Article 18 of the Corporate Governance Regulations.
- B. During 2012, the Committee adopted the **policy of contracting with the external auditors** and then updated the policy at end of 2014 and the beginning of 2015.
- C. The committee recommended appointing a specialized body or institution to carry out the internal audit tasks.  
The Committee reviewed the offer set forth by Messrs. Morrison Menon for the internal audit work for the third and fourth quarters of 2017 and the first and second quarters of 2018. The Committee recommended that the Board accept the offer.
- D. The committee held a workshop for its members and interested members of the Board of Directors to introduce the new international accounting and auditing standards (IFRS).

**2. Membership Committee:**

- **Consists of the following:**

Mr. Nasser Suliman Haidar Mohammed Al-Haidar	Chairman
Sheikh Ali bin Ghanem al-Thani	Member
Mr. Ali Haider Suliman Al-Haidar	Member
Mr. AbdulSalam Issa Abu Issa	Member
Mr. Dr. Adnan Ali Steitieh	Secretary of the Committee

- **Committee's Charter and Scope of Work:**

- **Structure and Composition of the Committee and its Scope of Work:**

- A. The Committee shall consist of three independent members of the Board, and shall be chaired by one of these members.
- B. The quorum of the Committee is complete by the attendance of two-thirds of its members.
- C. Decisions of the Committee shall be taken via consensus of the members. If this is not possible, the positions of its members will be documented and the decisions will be issued based on a two-thirds majority of its members.
- D. The members of the Committee shall, at their first meeting, adopt and make public its terms of reference its main roles and responsibilities in form of a Committee Charter. In addition to appointing the Secretary of the Committee.
- E. Minutes of meeting and Committee decisions should be recorded and a copy of which to be sent to the Secretary of the Board of Directors. The minutes and resolutions should be signed by all members of the Committee.

- F. The Secretary of the Committee should coordinate and document the Committee's work through minutes of meeting, in addition to ensuring that the information in the minutes is fully and promptly accessible to all members of the Committee.
- G. The Committee may hold its meetings remotely, by means of video calls, conference calls or through electronic mail exchange. Such meetings shall be documented and recorded by the participating members of the Committee, otherwise they shall be deemed void. A member can delegate another member to attend on their behalf, provided that each member does not represent more than one member at a time and that the number of members present is not less than the majority of the members of the Committee.  
The Committee shall meet at least once a year, or whenever necessary.

**- The Committee's Charter and Authorities:**

The Committee should undertake the following tasks:

- A. Prepare a list of nominated members of the Board of Directors and recommend that the General Assembly elects the Board of Directors from this list. Nomination by the committee does not mean any violation of the rights of the shareholders stipulated by law, or depriving any shareholder in the Company of the right to nominate a member or their self for membership of the Board.
- B. The Membership Committee shall nominate the candidates for membership of the Board of Directors, taking into consideration the conditions of appointing the members of the Board stipulated in the Articles of Association of the Company and the Charter of the Board. In addition to verifying that the candidate fulfills the criteria for candidacy for membership of the Board of Directors, including the availability of skills, knowledge, experience, professional, technical and academic qualifications as well as strength of personality.
- C. The Membership Committee shall determine whether the member is an independent member, or whether he is an executive or non-executive, taking into account the minimum requirements needed for each capacity.
- D. The Committee shall carry out an annual objective evaluation for the performance of the Board of Directors by following specific criteria including the following:
  - 1. Number of annual meetings.
  - 2. Adherence to the periodicity of meetings.
  - 3. Meeting attendance rate.
  - 4. The speed and effectiveness of the implementation of the issues on the agenda of the Board.
  - 5. Extent of compliance with transparency and disclosure with regard to the Board's decisions.
  - 6. Interaction with the various committees and the implementation of their recommendations.
  - 7. How well they achieve plans and objectives and how they implement approved policies.
  - 8. Any other criteria required by self-evaluation and objectivity.

- **The Committee Achievements During the Year 2017:**

- A. In 2017, the Committee held two meetings during which it evaluated the performance of the Board during the first half of 2017 and then for 2017 as a whole. This was in accordance with the Board's approved performance assessment.
- B. During 2012, the Committee adopted a Code for evaluating the annual performance of the Board of Directors.

**3. Remuneration Committee:**

- **Consists of the following:**

Sheikh Nawaf bin Nasser bin Khalid Al Thani	Chairman
Mr. Hani Abd-El Kadir Al-Kadi	Member
Mr. Jassim Mohammed Abdul Ghani Al Mansouri	Member
Mr. Badr Ali Al-Sada	Member
Mr. Dr. Adnan Ali Steitieh	Secretary of the Committee

- **Structure and Composition of the Committee and its Scope of Work:**

- A. The Committee shall consist of at least three members of the non-executive Board members, the majority of whom shall be independent. Members of the Executive Management may participate in the committee's scope of work at the invitation of the Committee.
- B. The members of the Committee shall, at their first meeting, adopt and make public its terms of reference its main roles and responsibilities in form of a Committee Charter. In addition to appointing the Secretary of the Committee.
- C. The Committee shall publish its Committee Charter after it is approved by the Board of Directors.
- D. Minutes of meeting and Committee decisions should be recorded and a copy of which to be sent to the Secretary of the Board of Directors. The minutes and resolutions should be signed by all members of the Committee.
- E. The quorum of the Committee is complete upon the attendance of no less than two-thirds of its members.
- H. Decisions of the Committee shall be taken via consensus of the members. If this is not possible, the positions of its members will be documented and the decisions will be issued based on a two-thirds majority of its members.
- M. The Committee shall meet at least once a year or whenever needed. Either at the invitation of its Chairman or at the request of two of its members. Members of the Committee shall be informed of the date of the meeting, either in writing or via e-mail, five working days prior to the date of the meeting.
- N. The Secretary of the Committee should coordinate and document the Committee's work through minutes of meeting, in addition to ensuring that the information in the minutes are fully and promptly accessible to all members of the Committee.
- I. The Committee may hold its meetings remotely, by means of video calls, conference calls or through electronic mail exchange. Such meetings shall be documented and recorded by the participating members of the Committee, otherwise they shall be deemed void. A member can delegate another member to attend on their behalf, provided that each member does not represent more than one member at a time and that the number of members present is not less than the majority of the members of the Committee.

- **The Committee's Charter and Authorities:**
  - A. Setting the remuneration policies and principles in addition to salaries in the Company. Including the remuneration of the Chairman of the Board, the members of the Board and the Senior Executive Management, as well as reviewing them whenever needed.
  - B. The Committee shall establish the remuneration policy, taking into account the following criteria:
    1. Long-term performance of the Company.
    2. Targeted growth of the Company.
    3. Responsibilities and functions of the Board of Directors members.
    4. Responsibilities and tasks of the senior executive management.
  - C. Proposing the Employee Share Option Plan (ESOP), if permitted by law.
  - D. The Committee shall propose a remuneration policy for the Company, based on the individual performance of the "employees" and the collective performance of the "business units". Rewards may include a fixed part and a performance-related part. The performance-related part must be based on the long-term performance as well as the useful targeted growth at the same time.
  - E. The Committee shall propose the policies and principles of remuneration. The Board shall submit them to the shareholders of the General Assembly for public announcement.
  - F. The Committee should supervise the application of the remuneration policies and principles.
  - G. The Committee may employ experts and specialists if necessary at the expense of the Company. They may also use the Company's employees and invite the Company's executives to participate in its business.
  - H. The Committee should assume any other functions that fall within its competencies delegated to it by the Board of Directors.
  - I. The Committee should submit its reports and recommendations to the Governing Council for approval.

The Company will reconstitute the committee, and adjust its functions in accordance with the provisions of the governance code, after the election of the new Board of Directors.

- **The Committee's Achievements During the Year 2017:**
  - A. The Committee held one meeting during the year 2017. It examined the Board of Directors' remuneration for the year 2016, the remuneration of the CEO and his Deputy for the year 2016 as well as the percentage and nature of the proposed dividends distributed to the shareholders for the year 2016. The Committee submitted its recommendations to the Governing Council in this regard.
  - B. Since 2012, the Committee has adopted a policy for incentives and rewards.

## **21. Assessment of the Board's Performance:**

The Membership Committee should, within its approved functions, carry out an annual objective self-assessment for the performance of the Board of Directors. In its evaluation of the Board's performance, the Committee relies on the fact that the Board of Directors is collectively responsible for overseeing the management of the Company and is responsible for developing strategic policies

and objectives, effectively monitoring the performance of the Company and its subsidiaries and ensuring the presence of succession plans for management as well as long-term equity protection and development. In particular, the Membership Committee, in its preparation of the annual performance appraisal of the Board, should adopt the criteria adopted in the charter of the Committee, which are set out below:

1. Number of annual meetings.
2. Adherence to the periodicity of meetings.
3. Meeting attendance rate.
4. The speed and effectiveness of the implementation of the issues on the agenda of the Board.
5. Extent of compliance with transparency and disclosure with regard to the Board's decisions.
6. Interaction with the various committees and the implementation of their recommendations.
7. How well they achieve plans and objectives and how they implement approved policies.
8. Any other criteria required by self-evaluation and objectivity.

## **22. Assessment of the Board's Performance in 2017:**

The Membership Committee conducted an objective evaluation of the performance of the Board of Directors during the year 2017, following the criteria adopted within the evaluation system and according to the following:

During 2017, the Board held six meetings. The members of the Board achieved a 100% attendance rate, of which 89.4% were original attendees and 10.6% were representative attendees. The Board also committed itself to the periodicity of the meetings, as no more than three full months elapsed between any two consecutive meetings of the Board.

The Board adopted the financial and closing statements for the year 2016. The Board also reviewed, studied and discussed the quarterly and semi-annual financial statements for 2017 and the auditors' reports. In carrying out its functions, the Board took into account the recommendations of its committees; where the recommendations of the Audit Committee on the financial statements were adopted and the Remuneration Committee's recommendations on incentives for employees' remuneration, board liabilities, executive management bonuses and commissions were also adopted.

During the year 2017, the Board issued (34) resolutions related to investment opportunities and operational matters for the Company and its subsidiaries, including 4 resolutions that passed and were approved during the meeting following the issuance of the resolution. All these decisions were issued after extensive discussions and consensus with no objections from any of the Board members. The Board also followed up on the implementation of its decisions in meetings subsequent to those where the decisions were made.

The Board decided to postpone certain items on its agenda due to the lack of information in order to make the appropriate decision and decided to disregard some of the approved investment opportunities due to changing market conditions and the data on which these decisions were based. In order to protect the interests of the Company and thus protect shareholders' rights. The Board has completed the discussion and the completion of all items on its agenda during 2017.

The Board has fully committed itself to disclosing the results of its meetings, and any material facts and information that are of interest to shareholders and potential investors. It issued 5 press releases and 7 disclosures during 2017 relating to the developments of some projects and legal proceedings. The Board has fully complied with the provisions of the Law, the Statute, the Governance Code, the Disclosure System and any other rules and regulations governing the responsibilities of the Board.

### **23. Board Remuneration:**

- A. 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.
- B. No Board member shall be entitled to a remuneration or 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 bonus is calculated as a percentage of the net profits pursuant to Article 119 of the Commercial Companies Law No. (11) for the year 2015.  
In accordance with the remuneration policy in paragraph 2.14-b above.
- C. 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.

### **24. Board Remuneration for 2017:**

In accordance with the above mentioned remuneration policy, and since the Company did not achieve profits in 2017, the Board of Directors did not earn any remuneration for 2017.

### **25. Senior Executive Management:**

The remuneration of the Chief Executive Officer and Deputy CEO is based on the same general and specific criteria for that of the employees of the Company, in addition to achieving 10% of the return on capital as a minimum of the remuneration and the annual performance incentive. The evaluation shall be carried out through the Board's Compensation Committee, based on the performance appraisal system of the approved executive management based on the Balanced Scorecard. Thus, the entitlement to the bonus will not be limited to the profitability criterion or dividends, and will be based mainly on the overall assessment of employee performance, which varies in concentration and objectives from time to time, as the Company goes through conditions and challenges.

## **26. Commissions:**

Members of the committees may receive a lump sum amount, as a reward for attendance and participation in the committees, in accordance with the decision of the Board of Directors in this regard.

In accordance with the provisions of Article 122 of the Act. The Board of Directors should make available to the shareholders a detailed report containing all amounts received by the Chairman of the Board of Directors and each member of the Board, whether fees, salaries, bonuses, benefits in kind and amounts allocated to each member of the Board as a pension or compensation for termination and potential conflicts of interest. Any shareholder shall have the right to have access to such data at least one week prior to the General Assembly meeting.

## 27. General Governance Policies:

### Professional Conduct and Work Ethics Policy

The general Human Resources policies and regulations provide the standards of professional conduct at Salam International. The Company's overall Human Resources policies and regulations address the risks of integrity and incorruptibility, and include the general standards of professional conduct, prohibition of unauthorized use, preservation of Company assets and prohibition of illegal practices.

### Conflict of Interest Policy

- A. In principle, the Company permits the convergence of interests on a fair competitive basis and prohibits conflicts of interest. The Company's policy of non-conflict of interests is based on the principles of transparency, disclosure and equality of opportunities, to ensure fairness and integrity in dealings, and no exploitation of a position or function to favor the parties concerned.

Therefore 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.

- B. The members of the Board of Directors and the 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.
- C. Board members and Executive Managers shall refrain from:
- Performing activities competing with the Company, or trade for their 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.
  - Taking over the opportunities offered to the Company. Such limitation shall not apply where the opportunity was offered to the Company and it rejects it.
  - Explicit, potential and actual conflicts of interests. In the case of conflicts of interests, the member of the Board shall totally disclose this conflict.
  - 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 and on a purely business basis, and shall not include clauses that are opposing to Company interests.
  - With the exception of 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 there was approval by the General Assembly thereon. Provided that such deals and contracts 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 the matter is discussed.

### Policy Regarding Appointing External Auditors

The policy of the Company to contract with external auditors is based on Article (4) of the Corporate Law No. 11/ 2015 and upon Article 23 of the Governance Code regarding listed companies issued by the Qatar Financial Markets Authority and upon 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 from 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 show the financial position of the Company and the results of its operations in a fair manner, and that the budget 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's 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 Statue that were committed during the subject audit year which have fundamental results on the Company operations and financial position, and whether the said violations are still standing, within the limit of his information.

### Incentives and Rewards Policy

- **Company Staff Rewards and Incentives:**
  - A. 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.
  - B. The Staff Rewards and incentives policy is also based on the following special criteria:
    1. Responsibilities and duties.
    2. Staff Individual performance.
    3. Collective performance of the Company and the business units.
  - C. 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 the business unit to the cumulative profits.
  4. Responsibilities and duties.
  5. Staff Individual performance.
- D. 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 on the adopted staff assessment system. This system in turn is based on the balanced performance scorecard. Hence, the merit for incentives shall not only be dependent on profitability criteria. It will depend on the overall assessment of staff performance, which will vary in focus and targets from one individual to another.

#### 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 portion 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 free shares and raise the capital by the amount of the issued shares.

#### 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:

- A. **Operational risks:** 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 periodic nature of the business.
- B. **Financial risks:** These include pricing, liquidity, credit and debt risk.

- C. **Honestly and integrity risks:** These include forgery, illegal practices, unauthorized practices and reputation.
- D. **Information technology risks.**
- E. **Environmental risks.**
- F. **Crisis management.**

**- The Measures Taken With Respect to Risk Management:**

As reported in previous reports and since 2012, the Company has been assigned an independent consultant to review and evaluate all internal procedures and processes. To identify potential weaknesses and risks, and to make the necessary recommendations to prevent, contain and not exacerbate their effects as they arise. The mission covers the independent consultant, finance functions, human resources, strategic planning, marketing and communication, information technology, and legal affairs.

In addition, the Company regularly assesses operational risks. These include: 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 the business.

**28. Corporate Social Responsibility (CSR) and Community Rights Strategy:**

The CSR strategy is based on the Qatar National Vision 2030, especially its economic pillar. It is also based on the Company's vision that Salam International becomes one of the most successful public joint stock companies in the Middle East and a leading example for family businesses. In line with that strategy and the Company's mission to develop human capital and the communities in which it operates. Therefore, the CSR Program at Salam International includes:

- Commitment to total quality: the contribution of Salam International within its activities to ensure the needs of the national economy and society of goods and services are met, and the efficient use of social factors of production.
- Contribute to the development of human capital: for the employees of the Company, and for members of society through securing skills acquisition, scholarships, new graduate's training, and the promotion of the economy.
- Environmental protection: Taking into account environmental considerations when implementing projects, so that the environment is not only protected, but improved and transferred to our grandchildren better than what we have learned from our ancestors.
- In implementation of the CSR strategy, during the year 2017, Salam International applied the programs listed under the Corporate Responsibility section of the Annual Report.

## 29. Internal Control and External Audit:

### Internal Control Department:

Internal control aims at ascertaining the extent of compliance with approved systems and procedures, complying with the policies, plans, systems and laws in place, as well as protecting assets and the efficient use of resources.

The Company's internal control is currently exercised through several separate units. Where internal control is exercised by financial management, legal department, human resource management and development management. However, the Company still collects all internal control activities independently, through one of the Company's main departments, or by an outside firm.

### Action on internal control:

The Company commissioned an independent consultant to undertake the following tasks:

- A. Prepare the Internal Audit Charter to identify authorities and responsibilities.
- B. Risk assessment of the Company's activities and accounting operations.
- C. Identification of the major business risks in terms of importance and probability of occurrence.
- D. Internal audit plan for risk assessment and assistance in achieving strategic objectives.
- E. Internal audit policies and procedures to ensure the integrity of internal control.
- F. Internal controls and / or business review, to determine the accuracy and efficiency of internal controls in addressing identified risks.
- G. Comprehensive financial audit to ensure that the financial statements are free from material misstatement.
- H. Auditing operations and compliance with regulations, procedures, requirements and legal requirements.
- I. Review the organizational structure and the Company's government.
- J. Review the performance of the Company.
- K. To review the general information controls and regulations.

## 30. 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: (Mr. Dr. Adnan Ali Steitieh).
- Capacity: Executive Director, Secretary of the Board of Directors.
- Phone +974 44830439
- Email: [a.steitieh@salaminternational.com](mailto:a.steitieh@salaminternational.com)

### **31. Internal Control Failures and Violations:**

During the year 2017, Internal Control did not record any malfunction or failure that materially affected the Company's financial performance. There have also been no significant defects or violations in the management of the Company.

#### **Violations:**

As for the compliance with the provisions of the Corporate Law and the legal entities listed in the main market, the Company has complied with all the provisions, informally keeping only one non-compliance with regards to separating the positions of the Chairman and Chief Executive Officer, despite the actual physical separation, as stated in paragraph 10 above.

#### **External Audit:**

Each year, the General Assembly appoints an external auditor, among the senior external auditors accredited by the Ministry and the Authority and their registrars. The Auditor's roles and responsibilities include auditing the Company account in accordance with International Accounting Standards, which comprise the consolidated statement of financial position at the end of each financial year, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the statement of cash flows for the financial year, summary of significant accounting policies and other explanatory notes.

## Shareholders Rights, Capital Structure and Minority Rights

### 32. Shareholders Rights:

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

- 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.
- B. **Right to monitor 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 a number of 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 of the 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.
- C. **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 damages 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.
- D. The shareholder shall have the right to oversee the shareholders register at QE, as per the applicable Authority regulations.
- 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.
- F. Any shareholder(s) owning at least 10% of the capital of the Company may call the Ordinary General Assembly to convene.
- G. Shareholders that represent at least 25% of the capital may call for the extraordinary General Assembly to convene.
- 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.
- I. Every share shall have the same right as all other shares of the same category.
- J. 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.
- 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.

### 33. Capital Structure:

The total number of Company shareholders on 31/12/2017 has reached 5334 shareholders.

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

<b>Name</b>	<b>Number of Shares Owned</b>	<b>Equity Ratio</b>
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%

### 34. Minority Rights and Major Transactions:

The Company has amended its Articles of Association and Corporate Governance Code to be in conformity with Commercial Law 11 /2015. 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 of ownership of Company capital exceeding a predefined percentage.

## Transparency and Disclosure

### 35. Litigation and Law Suits:

- A. A number of cases filed by the Company, relating to operational issues, are currently under consideration to acquire late rent compensation or collect debts. A subsidiary filed one case to settle a debt of around 675,000 Qatari riyals and the Company was incorporated in the case as it is the parent Company.
- B. On June 6, 2017, the Court of Cassation, in a lawsuit filed by a shareholder requesting a nullification of the capital increase of the Company in 2002 and 2005, ruled that the lawsuit was not accepted and that the aforementioned contributor is responsible for the expenses of both degrees of litigation. As such the matter on this case which lasted for several years came to an end.

### 36. Integrity and Non-Conflict of Interest:

- A. The Company prohibits the Chairman and the 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.  
Pursuant to the aforementioned policy, the Company issues periodic circulars to Board Members and Executive Directors prior to each reporting period. This circular includes the announcement of the period of validity of the sale and buy-out ban stipulated in Article (173) of the Qatar Exchange's Bylaws, with the need to inform the Qatar Exchange in advance of any sale or purchase outside the embargo period. In order to ensure integrity in dealing and equal opportunities.  
The Company is also committed to the provisions of the Commercial Law (11) for the year 2015 concerning conflict of interest, especially regarding the provisions of Article 109 of the law.
- B. Every member of the Board of Directors shall immediately upon his election sign a declaration and commitment to maintain the confidentiality of information and data, and to not disclose, leak or expose it to third parties or to exploit it for his personal benefit or the benefit of any of his relatives.
- C. **Actual Practice:** In accordance with the principles of transparency, disclosure and equality of opportunity, and avoiding conflicts of interest, a member of the Board of Directors shall withdraw from the meetings of the Board of Directors or the General Assembly, in which there will be deliberations regarding a subject or association relating to the member of the Board concerned. The relevant item shall be voted on only after the members have ensured that the concerned members have left the meeting hall. The Company has already applied this principle on more than one occasion and in more than one case.

### 37. Adherence to the Rules and Conditions Governing the Disclosure and Listing in Qatar Exchange:

- 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.
- 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.
- C. The Company released in 2017 a total of 2 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.
- D. Financial reports are prepared in accordance with the international accounting standards IFRS, IAS and ISA. The Company is publishing those reports in local newspapers, on QE website and on the Company website.
- E. The Company has disclosed the names of the members of the committees emanating from the Board as well as their frameworks and by-laws.
- F. The Company has disclosed the remuneration policy, the External Auditor Selection Policy, the Risk Policy and the Board Performance Assessment Policy.
- G. 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:
  - 1. The Amiri decree relating to establishing the Company.
  - 2. The Memorandum of Association and Articles of Association of the Company and any amendments applied to them.
  - 3. The Company's financial statements.
  - 4. Disclosures and press releases.
  - 5. The General Assembly's periodic invitations and the annual report.
  - 6. Information to the shareholders on how to buy and sell shares in general, in addition to the names of brokerage companies accredited by the Qatar Exchange.

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

- H. 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:
  - 1. All amounts received by the Chairman and members of the Board of Directors.
  - 2. In kind benefits enjoyed by the Chairman and members of the Board of Directors.
  - 3. Remuneration of the Board members.
  - 4. Operations in which one member of the Board of Directors might have an interest that is conflicting with the Company's interests.
- I. 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 clarifications and the Company's disclosures contained therein, in two local newspapers and at the Company website and GSE website.
- J. The Company publishes its annual report on its website, and copies of it are distributed at the General Assembly.

## Section Seven

### 38. General Human Resources Policies and Procedures:

During 2017, the Company continued to implement the approved human resources policies and procedures, which include general policies such as: business ethics, protection of Company assets and facilities and non-disclosure of business secrets. These policies also guarantee the right of all employees' to communicate with the management without fear of any consequences.

## Section Eight

### 39. Company's Plan for 2018:

Now that the Company has adopted the Board Charter, the Corporate Governance Code, the Incentives and Remuneration Policy, the Dividends Distribution Policy, the External Auditors Selection Policy, the Risk Management Policy and the Board Performance Assessment System, the Board will continue to meet the requirements of the Code and adhere to its rules and regulations to achieve full compliance, in a manner not inconsistent with the law applied in the State of Qatar.

**In conclusion:** The Board of Directors of Salam International would like to stress its adherence and full compliance with the corporate governance code in the past, present and future. SIIIL considers the CG Code as a system to sound management and a means to reconcile and balance out the varying interests of stakeholders and to evenly distribute the rights and responsibilities within a framework of transparency, integrity, disclosure and equal opportunity.

Furthermore, the CG Code enhances SIIIL'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 of achieve sound and sustainable growth and achieving additional benefits to shareholders.

Issa Abdul Salam Abu Issa  
Chairman of the Board of Directors