



# **DLALA BROKERAGE AND INVESTMENT HOLDING COMPANY Q.S.C.**

## **CORPORATE GOVERNANCE DISCLOSURE STATEMENT**

1 January 2013 to 31 December 2013

## **Statement on Corporate Governance**

The Fundamental governance principles that regulate the relationship between Dlala Brokerage and Investment Holding Company Q.S.C. ("Dlala") shareholders, management, employees and third parties, i.e. customers, legal authorities, suppliers and all types of individuals and institutions with whom Dlala does business are stipulated below:

### ***Integrity***

With regard to Dlala's activities and relationships with customers, employees, shareholders, legal authorities, institutions and organizations, Dlala remains committed to the principle of integrity.

### ***Credibility***

Aware that confidence relies at the heart of business success, Dlala provides customers, shareholders, employees and legal authorities with clear, comprehensive and accurate information and offers timely and excellent services.

### ***Compliance***

Dlala is committed to abiding all laws, regulations and standards.

### ***Confidentiality***

Dlala does not share any information or details on transactions concerning shareholders, employees, suppliers and business partners and above all personal information regarding customers, with any person or institution, except with those authorities with which the sharing of information is permitted or required by laws and regulations.

### ***Transparency***

Except for information that is deemed a commercial secret and not yet disclosed to the public, Dlala discloses to the public financial and non-financial information promptly, accurately, thoroughly, comprehensively and in a way easy to interpret and to access.

Dlala management strives to establish transparent and close communication with the shareholders. The primary objective is to make Dlala shares an attractive and predictable investment vehicle for existing shareholders as well as for potential investors. To this purpose, Dlala's management implements strategic plans and announces results in accordance with generally accepted accounting principles and provisions of relevant legislation in a comprehensive, fair, accurate and timely manner.

Effective Corporate Governance is an important part of our identity. Accordingly, we ensure the responsible, value-driven management and control of Dlala through our system of corporate governance. The guiding framework for this is provided by the Corporate Governance Code for public listed entities, issued by the Qatar Financial Market Authority ("QFMA CGC") on 27 January 2009; whilst general reference is also drawn from other applicable laws and regulations of the State of Qatar and the Qatar Exchange.

The Corporate Governance Disclosure Statement highlights key components of the governance system as designed and implemented in Dlala for the reporting period from 1 January 2013 to 31 December 2013.

## Shareholders

Dlala maintains an open and transparent dialogue with its shareholders. The Annual General Assembly was held on 26 March 2013, during which the following resolutions were approved:

- Presentation of the Board of Directors report on the activities of the Company and financial status for the fiscal year ended 31<sup>st</sup> of December 2012 and future plans.
- Presentation of the External Auditors report on the balance sheet and Income Statement of the Company for the fiscal year ended on 31<sup>st</sup> December 2012.
- Discuss and approve the Budget, in addition to the balance sheet and income statement for Dlala Holding for the fiscal year ended on 31<sup>st</sup> December.
- Approval of recommendations and suggestions from the Board of Directors regarding distribution of Dividends for shareholders, as bonus shares by 11% of the capital.
- Absolve the Chairman and Members of The Board of Directors from all responsibilities for the fiscal year ended on 31<sup>st</sup> December 2012, and fixing of their remunerations.
- Present Corporate Governance Report for 2012.
- Appoint the External Auditors for fiscal year 2013 and approve their fees.
- Election of Mr. Jaber Bin Hajjaj Al Ashahwani a member of the Board of Directors to complete the Board period until the end of the year 2013.

The Company also held Extra Ordinary General Assembly on 02 April and approved the following resolution:

Approval to increase the company's capital by the amount of bonus shares in accordance with the proposed decision of the Ordinary General Assembly by 11% of the paid-up capital (totaling 2,200,000 shares) for the Company Capital to become 22,200,000 total shares, together with amendment of Article (6) of the Memorandum of Association and Article No. (6) of the Articles of Association to be in line with the increase.

The Articles of Association ("AoA") includes provisions to ensure the rights of shareholders are respected in a fair and equitable manner, and more specifically include provisions with regard to access to ownership records, calls for General Assembly meetings and propose agenda items, equal treatment of shareholders, the exercise of voting rights, proxy vote, method of voting for Board members, removal of Board members for being absent from Board meetings without reasonable excuse, dividend distribution and major decisions reserved for decision of the Extraordinary General Assembly, in accordance with Articles 23, 24, 25, 26 of QFMA Corporate Governance Code (CGC).

The Company follows the voting method (one share equals one vote) in accordance to the instruction of the Ministry of Business and Trade

### Major Shareholders – Article 22

The Articles of Association prescribe that the total shares that are owned by one shareholder may not exceed 5% of the total shares of the Company. This rule is applied through the registration system of Qatar Exchange. Dlala will continue to rely on the Qatar Exchange to obtain valid up-to-date record of shareholdings. As per the information obtained from Qatar Exchange dated 31 December 2013, no shareholder has exceeded the 5% limit. No shareholder agreements exist that require disclosure.

As on 31 December 2013, 91.10% of the total number of shares in the Company is held by Qatari Nationals (Individuals and Company) and 8.9% of the total number of shares is held by foreign investors.

### Board of Directors

The Dlala Board is the primary governing body for Dlala. Its documented roles and responsibilities include supporting the management structure, setting and maintaining strategic direction, ensuring efficiency and effectiveness, enhancing public standing, maintaining integrity and accountability of the organization, being accountable and responsive to stakeholders and shareholders, regularly attending Board meeting and important related meetings, assisting in maintaining the mission and visions of Dlala, discussing/ approving internal audit reports and appointing Internal Auditors and introducing ideas that would enhance the performance of the Company's operations including its subsidiaries.

Dlala Board has its own Board Charter which further details the roles and responsibilities of the Board; requirements related to Board meetings; Board committees established to assist the Board in carrying out its responsibilities; requirements for the Board to review its performance annually and consider changes to improve the effectiveness of the Board and/or its committees; requirements to separate the positions of the Chairman of the Board and the Chief Executive Officer; responsibilities of the Chairman of the Board, Vice Chairman of the Board, non-executive Board Members, Board Secretary, Chief Executive Officer and Senior Management; protocol for handling media communications and the Directors' code of conduct.

As per its AoA, the Dlala Board is currently composed of eight members elected by the shareholders' general assembly provided that 3 of them are representatives of the founders and the rest of the board are elected among the other shareholders.

The below table summarizes the status of the board members.

Name	Function	Date of first appointment	Corporate represented	Status Exec / non-exec / Independent	Numbers of shares owned at 31/12/2013
Mr. Nasser Al Sulaiti	Chairman	15 October 2012	Armed Forces Investment Fund	Non Executive Independent	1.110.000
Mr. Jaber Bin Hajjaj Al Ashahwani	Vice Chairman	April 2011	----	Non Executive Independent	55.500
Mr. Abdul Rahman Al Mana	Member	April 2011	Education and Health Fund – Ministry of Economy & Finance	Non Executive Independent	66.600
Ms. Moza Al Sulaiti	Member	April 2011	Pension Fund of the General Retirement and Social Insurance Authority	Non Executive Independent	1.076.700
Mr. Ahmed Al Asmakh	Member Managing Director	April 2011	----	Executive Independent	55.657
H.E. Sheikh Suhaim Bin Khaled Al Thani	Member	April 2011	----	Non Executive Independent	633.639
Mr. Ali Hussein AlSada	Member	April 2011	----	Non Executive Independent	1.110.000

Mr. Waleed Al Abdullah	Member	13 August 2012	Qatar Foundation for Education, Science and Community Development	Non Executive Independent	315.448
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Further details of our distinguished Board members are included in Annex 1 to this Report.

The Articles of Association of the company states that the Board of Directors must hold at least 6 meeting during the year, the Board has held 8 meetings during 2013.

### **Responsibilities of the Board**

The Board is responsible for:

- Setting the strategic direction of Dlala Holding (including its objectives, vision, mission, goals, strategies and strategic plans) and monitoring management's implementation of that strategy.
- Appointment and removal of the Chief Executive Officer, determining his conditions of service and remuneration and monitoring his performance against established objectives.
- Ratifying the appointment and removal of the Board Secretary and other Senior Executive Managers (as required).
- Responsible to ensure that the Board composition as defined in Dlala Holding's by-laws is as per the requirements of the relevant regulations including QFMA CGC (the requirements include, but not limited to - the Board to have Executive, Non-Executive and Independent Board Members; at least one third of the Board Members shall be Independent Board Members and a majority of the Board Members shall be Non-Executive Board Members; nominations to Board shall be as per the Fit and Proper Guidelines of QFMA CGC; provisions to ensure that shareholders are given information prior to the voting process relating to Board Members candidates; Shareholders shall have the right to cast their votes for Board Members election by Cumulative Voting; procedures for removing Board Members including in the event of failing to attend Board meetings). Where the Board deems necessary it shall propose to the Extraordinary General Assembly of the shareholders for amendment to the Articles of Association of Dlala Holding.
- Determine the independence of Non-Executive directors on a regular basis based on the requirements of QFMA CGC.
- Powers, roles and duties delegated to individual directors, including the Chairman, Vice Chairman and Chief Executive Officer.
- Policy for remuneration and terms of nomination for directors (with assistance of the Nomination, Remuneration and Governance Committee).
- Induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which Dlala Holding operates.
- Training to enhance Board Members skills and knowledge in order to educate the Board Members in financial, business, and industry practices as well as Dlala Holding's operations and functioning.
- Keep its Members updated about the latest developments in the area of corporate governance and best practices in the field of the company.
- Appointing such Committees of the Board as may be appropriate to assist in the discharge of its responsibilities and to determine their responsibilities.
- Approval of policy involving a change to current policy and practice raised through committees or by management.
- Monitoring financial performance of Dlala Holding.
- Monitoring financial outcomes and the integrity of reporting; in particular approving annual budgets, including major capital expenditure, and long-term strategic and business plans.
- Ensuring the integrity of Dlala Holding's financial (with the assistance of the Audit Committee) and other reporting through approval and monitoring.

- Review of performance of Dlala Holding against budgets and plans.
- Setting specific limits of authority for Senior Executive Management based on Materiality Threshold.
- Changes to Materiality Threshold.
- Risk management and oversight of internal controls. Ensuring that effective audit, risk management and compliance systems are in place to protect Dlala Holding's assets and to minimize the possibility of Dlala Holding operating beyond legal requirements or beyond acceptable risk parameters. Reviewing the implementation and effectiveness of such risk management and internal control systems.
- Significant changes in accounting, risk management policies and procedures.
- Matters that will have a material impact on Dlala Holding's financial position, liabilities, future strategy or reputation
- Monitoring compliance with contracts, laws, statutory obligations, regulations and ethical standards.
- Setting the standards of professional conduct and ensuring that these are adhered to.
- Changes to Dlala Holding's constitution and regulations
- Review, on a regular basis, senior management succession planning and development
- Ensure that Dlala Holding is properly resourced to effectively deliver on the strategies developed for Dlala Holding, and the day-to-day operations of Dlala Holding.
- Ensure that Dlala Holding has adequate insurance cover for product and public liabilities and directors and officers liabilities in the event of a claim against Dlala Holding.
- Company policies on employment and remuneration matters.
- Issues and reputation management.
- Providing overall Corporate Governance of Dlala Holding, including conducting regular reviews of the balance of responsibilities within Dlala Holding to ensure division of functions remain appropriate to the needs of Dlala Holding.
- Appointing the external auditor, based on recommendations of the Audit Committee, provided that any recommendation proposed to the Board must be ratified by shareholders at the Company's next annual general assembly. And the commitment to rotate the External Auditor.
- Give due considerations to any issues raised by the External Auditors. Timely reply to the queries and matters contained in the External Auditors letters or reports.
- Appointment of Internal Auditor and ensuring their independence. Independence to be reinforced by the compensation of Internal Audit being determined by the Board.
- Follow-up with Senior Executive Management for implementation of any tasks identified by the External or Internal Auditors.
- Engaging with Dlala Holding's External Auditors, Internal Auditors and the Audit Committee.
- Ensure that the members of Audit Committee, the Nomination, Remuneration and Governance Committee, External Auditors and Internal Auditors attend the General Assembly.
- Ensure that Dlala Holding complies with related laws and regulations as well as its articles of association and by-laws. The Board is also responsible for protecting Dlala Holding from illegal, abusive or inappropriate actions and practices. The Board shall review and update its corporate governance practices, and regularly review the same.
- The Board shall regularly review and update professional conduct rules so as to ensure they reflect best practices and they meet the needs of Dlala Holding.
- The Board may not delegate its overall responsibility for the matters listed above. However, it may delegate to the Chief Executive Officer the responsibility of the day-to-day activities in fulfilling the Board's responsibility provided those matters do not exceed the Materiality Threshold as defined by the board decision Chief Executive Officer consults with the Board, in the first place, on matters which are sensitive, extraordinary or of a strategic nature. Chief Executive Officer is required to report regularly to the Board concerning the authority exercised and matters which come, or may come within, the scope of the matters reserved for the Board.

- Board Members shall have full and immediate access to information, documents, and records pertaining to Dlala Holding. Dlala Holding's Senior Executive Management shall provide the Board and its committees with all requested documents and information.

### **Board Members' Fiduciary Duties**

- 1- Each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations including this Code and the Board Charter.
- 2- Board Members must at all times act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders.
- 3- Board Members shall act effectively to fulfill their responsibilities towards the Company.

### **Responsibilities of Chairman of the Board**

- The Chairman is responsible for ensuring the proper functioning of the Board; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information.
- The Chairman may not be a member of any of the Board committees prescribed in QFMA CGC. Any other position which the Chairman may hold either inside or outside Dlala Holding should not hinder the effective performance of the Chairman in carrying out his role as Chairman of Dlala Holding.
- The duties and responsibilities of the Chairman of the Board of Directors shall, in addition to the provisions of the Board Charter, include but not be limited to the following:
  - to preside over meetings of the Board and General Assembly and ensure that the meetings are conducted competently in an efficient manner and that members have adequate opportunity to air their views and obtain answers to their queries.
  - to ensure that the Board discusses all the main issues in an efficient and timely manner.
  - to approve the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by any other Board Member; this may be delegated by the Chairman to a Board Member but the Chairman remains responsible for the proper discharge of this duty by the said Board Member.
  - to encourage all Board Members to fully and effectively participate in dealing with the affairs of the Board of Directors for ensuring that the Board of Directors have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for working in the best interest of Dlala Holding.
  - to ensure effective communication with Shareholders and communication of their opinions to the Board of Directors.
  - to allow effective participation of the Non-Executive Board Members in particular and to promote constructive relations between Executive and Non- Executive Board Members and between the Board and Senior Executive Management.
  - to ensure the conducting of an annual evaluation to the Board's performance and the Chief Executive Officer's performance.
  - to see that new Board members are well briefed and have access to information on all aspects of Dlala Holding's operations.
  - to be the Board's representative in dealings with Management ensuring that its views are communicated clearly and accurately.
  - to act as the primary counselor to the Chief Executive Officer.
  - to represent the views of the Board to the public, governments and on appropriate occasions.

## **Responsibilities of Non-Executive Board Members**

Duties of the Non-Executive Board Members include but are not limited to the following:

- Participation in the meetings of the Board of Directors and providing independent opinion on strategic matters, policy, performance, accountability, resources, key appointments and operation standards.
- Ensuring that priority shall be given to the Dlala Holding's and Shareholders' interests in case of conflict of interests.
- Participation in Dlala Holding's Audit Committee.
- Monitoring Dlala Holding's performance in realizing its agreed objectives and goals and reviewing its performance reports including Dlala Holding's annual, half yearly and quarterly reports.
- Development of the procedural rules for Dlala Holding's corporate governance for ensuring their implementation in a consistent manner.
- Availing the Board of Directors and its different Committees of their skills, experiences, diversified specialties and qualifications through regular presence in the Board meetings and effective participation in the General Assemblies and the acquisition of a balanced understanding of Shareholders' opinions.
- A majority of the Non-Executive Board Members may request the opinion of an independent consultant, in relation to any of Dlala Holding's affairs, at Dlala Holding's expense.

## **Board Committees**

Three Board Committees i.e. an Audit Committee, an Executive Committee and Nomination, Remuneration and Governance Committee have been established following a decision of the Board of Directors.

### ***Audit Committee***

The Committee is responsible for supervising and undertaking all internal and external audit activities, according to the pre-approved action plan of the Board of Directors. The Committee comprises of three members of the Board. The membership of the Committee will correspond to the tenure of Board membership. All members of the Audit Committee have accounting and financial experience.

The members of the Audit Committee are:

- Mrs. Moza Al Sulaiti – Chairman
- Mr. Abdul Rahman Al Mana - Member
- Mr. Waleed Al Abdullah Member

The Audit Committee held 7 meetings during the reporting period.

The membership of the Audit Committee will correspond to the tenure of Board Membership. A Board member maybe appointed to or removed from the Audit Committee by a resolution approved by the Board of Directors. The responsibilities of the Committee as per its updated terms of reference are:

1. Report to the Board any matters that, in the opinion of the Committee, necessitate action and recommend follow-up action.
2. Report to the Board on the matters related to the Committee as outlined in QFMA CGC.
3. Consider other issues as determined by the Board.
4. Monitor risk factors related to Dlala and recommend to the Board for mitigating the risk factors.



5. Review the Financial and Internal Control and risk management systems.
6. Discuss the Internal Control systems with the management to ensure management's performance of its duties towards the development of efficient Internal Control systems.
7. Consider the findings of principal investigations in Internal Control matters requested by the Board or carried out by the Committee on its own initiative with the Boards' approval.
8. Review Dlala's financial and accounting policies and procedures.
9. Monitor accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports, and to review such statements and reports, with special focus on -
  - o Any changes to the accounting policies and practices;
  - o Matters subject to the discretion of Senior Executive Management;
  - o Major amendments resulting from the audit;
  - o Continuation of Dlala as a viable going concern;
  - o Compliance with the accounting standards - International Financial Reporting Standards.
  - o Compliance with the applicable listing rules in Qatar Exchange.
  - o Compliance with disclosure rules and any other requirements relating to the preparation of financial reports.
10. Consider any significant and unusual matters contained or to be contained in Dlala's financial reports and accounts.
11. Oversee and follow up the independence and objectivity of the External Auditor and for determining the nature, scope and efficiency of the external audit in accordance with International Standards on Auditing and International Financial Reporting Standards.
12. Ensure that the External Auditor conducts an annual and semi-annual independent audit with the purpose of providing an objective assurance to the Board and shareholders that the financial statements are prepared in accordance with related laws and regulations and International Financial Reporting Standards and accurately represent the financial position and performance of Dlala in all material respects.
13. Meet with the External Auditors at least once a year.
14. Consider any issues raised by the External Auditors.
15. Ensure the timely reply by the Board to the queries and matters contained in the External Auditors' letters or reports.
16. Ensure that External Auditor attends the General Assembly and delivers the annual report and answers any queries in this respect.
17. Recommend to the Board regarding appointment of External Auditors, by following the following guidelines :
  - a. External auditors should be independent and not have non-audit interests in Dlala and its Board Members. External Auditor shall not have any conflicts of interests in his relation to Dlala.
  - b. External auditors should be an audit professional with relevant experience in auditing financial statements of listed companies based on International Standards on Auditing and International Financial Reporting Standards.
  - c. Follow the applicable rules and regulations regarding auditor rotation.
18. Review the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from senior management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive management's reply.
19. Evaluate the performance of External Auditor.
20. Oversee the functioning of Internal Audit and in particular to ensure that the following Internal Audit functions are performed :-
  - a. Audit the Internal Control Systems and oversee their implementation.
  - b. Internal Audit to be carried out by operationally independent, appropriately trained and competent staff.
  - c. Internal Audit will submit the report to the Board through the Committee.
  - d. Internal Audit has access to all Dlala activities.

- e. Internal Audit to be independent from day-to-day functioning of Dlala. Independence to be reinforced by the compensation of Internal Audit being determined by the Board based on the recommendation of the Committee.
  - f. Internal Auditor will attend the General Assembly.
21. Ensure that the Internal Audit function includes at least one internal auditor appointed by the Board.
  22. Recommend to the Board for approval of the scope of Internal Audit and to particularly include the following :-
    - a. Control and oversight procedures of financial affairs, investments, and risk management.
    - b. Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes.
    - c. Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board.
    - d. Internal Control failure, weaknesses or contingencies that have affected or may affect the Dlala's financial performance and the procedure followed by Dlala in addressing Internal Control failures (especially such problems as disclosed in Dlala's annual reports and financial statements).
    - e. Dlala's compliance with applicable market listing and disclosure rules and requirements.
    - f. Dlala's compliance with Internal Control systems in determining and managing risk.
    - g. All relevant information describing Dlala's risk management operations.
  23. Ensure that the Internal Audit Report is prepared every three months and submitted to the Committee and Board.
  24. Supervise and monitor the financial, administrative and technical activities of Internal Audit.
  25. Evaluate the performance of Internal Auditor.
  26. Ensure that External and Internal Auditors are separate legal entities and ensure that all other requirements of appointing External Auditor are applied to the appointment of Internal Auditor including auditor rotation (incases when the Board decides to outsource Internal Audit function to an external consultant)
  27. Coordinate with the Board, Senior Executive Management & Dlala's Chief Financial Officer or the person undertaking the latter's responsibilities.
  28. Coordinate between the Internal Auditor and External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls.
  29. Review remarks raised on any of the reports submitted to the Committee and forward them to the concerned departments for follow-up and timely action.
  30. Develop rules, through which employees of Dlala can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions, where such matter is unethical, illegal or detrimental to Dlala. Ensure that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal.
  31. Consider issues raised by the Dlala's Chief Financial Officer or the person undertaking the latter's responsibilities, or Compliance Officer or Internal Auditors or External Auditors.
  32. Oversee Dlala's adherence to professional conduct rules.
  33. Ensure all laws and instructions regarding Dlala's activities are duly adhered to.
  34. Ensure that the rules of procedure related to the powers assigned to the Board are properly applied;
  35. Attend the General Assembly.
  36. Consult at Dlala's expense any independent expert or consultant with prior approval from the Board.

37. Recommend and follow-up all activities related to training, promotion and development of human resources.
38. Delegate responsibilities to a sub-committee comprising one or more of its members or to Dlala's CEO.

### ***Executive Committee***

The Executive Committee comprises of Four Board members and is headed by the Chairman. The membership of the Committee will correspond to the tenure of Board membership.

The members of the Executive Committee are:

- Mr. Nasser Al Sulaiti – Chairman
- Mr. Jaber Bin Hajjaj Al Ashahwani - Vice Chairman
- H.E. Sheikh Suhaim Bin Khaled Al Thani – Member
- Mr. Ali Hussein Al Sada – Member

The responsibilities of the Committee as follow:

1. Develop the company strategy and approve the internal policies and procedures.
2. Review the and approve the Organizational structure.
3. Supervise and monitor the financial performance of the company.
4. Review the annual budget before submitting it to the board Directors for approval.
5. Develop general guidelines and policies for investments and present them to the Board of Directors.
6. Develop the portfolio investment policy.
7. Approve all the investment projects.
8. Review and approve on sale of fixed assets except real estate and securities which are allocated for investment purposes.
9. Approve all agreed upon agreements and obligations that are beyond the authority of the CEO.
10. Approve the request of borrowing from financial institutions
11. Develop business plans and strategies of the company before presenting it to the Board of Directors.
12. Review and approve the proposals for change in paid up capital or company restructure.
13. Review and approve the proposals for issuing bonds and investments securities.
14. Appoint and terminate CEO and his deputy, and determine his salary.

### ***Nomination, Remuneration and Governance Committee***

Nomination, Remuneration and Governance Committee comprises of Three members of the Board. The membership of the Committee will correspond to the tenure of Board membership.

The members of the Committee are:

- Mr. Nasser Al Sulaiti – Chairman
- H.E. Sheikh Suhaim Bin Khaled Al Thani – Member
- Mrs. Moza Al Sulaiti – Member

Dlala Board formed the Nomination, Remuneration & Governance Committee and approved its terms of reference during 2010. The responsibilities of the Committee as per its terms of reference are:

1. Report to the Board any matters that, in the opinion of the Committee, necessitate action and to recommend necessary follow-up action.

2. Report to the Board on the matters related to the Committee as outlined in the QFMA CGC and its terms of reference.
3. Consider other issues as determined by the Board.
4. Responsible for the Board nomination process and overseeing the process regarding appointment of Board of Directors.
5. Responsible for formulating and publishing a formal, rigorous and transparent procedure for nomination of Board Members based on the requirements of the Dlala Holding's bylaws (including Articles of Association), QFMA CGC, Commercial Companies Law and other relevant authority.
6. Propose to the Board for amendment to the Articles of Association for approval by the Extraordinary General Assembly of the shareholders, where ever the Committee deems such amendments to be necessary.
7. Establish and publish (after approval from the shareholders in the General Assembly) a remuneration policy, which governs the remuneration of the Chairman of the Board, Board Members and Senior Executive Management based on Dlala's bylaws (including Articles of Association), QFMA CGC, Commercial Companies Law, other applicable regulations and international best practices applicable to Qatar.
8. Define and implement Related Party Policy to govern commercial transaction with the related parties and potential conflicts of interest, with reference to the definition of related parties as included in the QFMA CGC. Such policy to include the requirements as specified in the QFMA CGC.
9. Ensure, in co-operation with the Chairman of the Board, that an annual evaluation of the Board's performance is performed.
10. Prepare and present to the Board for approval – Management succession plan, Induction program for new Board Members, Training process and plan for Board Members, Annual Corporate Governance Report as per requirements of QFMA CGC.
11. Attend the General Assembly. *(Article 14.2 – QFMA CGC)*
12. Consult at Dlala's expense any independent expert or consultant with prior approval from the Board.
13. Delegate responsibilities to a sub-committee comprising one or more of its members or to Dlala's CEO.
14. Keep the Board updated about the latest developments in the area of corporate governance and industry best practices.

In view of the upcoming Board elections, the Committee has prepared guidelines for nomination and election of Board of Directors and will ensure that appointments of Board Members are made according to formal, rigorous and transparent procedures.

### **Board Secretary**

Dlala has assigned a Board secretary, who also holds additional responsibility as Marketing and Public Relations Manager. His appointment is confirmed by Board Resolution dated 9 August 2010. Minutes of all Board meetings are maintained and Board resolutions are documented.

Dlala Board secretary has a B.sc. in Mass Communication and more than 8 year experience as a board secretary in Qatar.

### **Internal Auditor**

Dlala Holding has recruited in- house Internal Auditor, who joined the company on 18 March 2012 and submits report to the Board through the Audit Committee.

The Internal Auditor Department has submitted the following reports to the internal audit committee:

- High risk assessment follow up report.
- Follow up on the external audit report prepared by Ernst & Young.
- Quarterly and annually financial statements review report
- Special report about investigations on outstanding cases for the year 2013.

### **External Auditor**

Ernst & Young is the External Auditor of the company since 03 April 2011, who were appointed based on the AGM resolution for the third year on the row. Dlala complies with commercial companies laws regarding rotation of the External Auditor at the completion of 5 years in a row.

The External Auditor was hired based on the recommendation of the Board of Directors raised to the General Assembly who conducts the final selection and specifies the fees. The External Auditor conducted semi-annual and annual audits of the financial reports for the period mentioned above.

### **Internal Control System**

The Board is responsible for the internal control system in the Company. The Board has adopted an organizational structure, job descriptions, policies and procedures and a financial and operational delegation of authority to govern the Company's operations. The Board has ensured, - through the existing delegations of authority - that no individual has unfettered powers.

A dedicated internal audit department report to the audit committee has assigned the responsibility to monitor and report of management deficiencies, The department has designed Audit programs to monitor operation, strategic, financial and compliance activities.

A dedicated Compliance Department, reporting to the CEO, has been assigned the responsibility to manage, monitor and report on compliance risk. The Department has designed systems of internal control to monitor compliance with laws and regulations.

A dedicated Legal Department, reporting to the CEO, has been assigned the responsibility to manage, monitor and report on legal risk.

A dedicated Finance Department, reporting to the CEO is responsible for financial affairs of Dlala. Finance Department has designed systems of internal control to initiate, record, approve and report transactions in accordance with International Financial Reporting Standards.

### **Insider Trading**

A Security Trading and Disclosure Policy (including insider trading provisions) was implemented in January 2010. Automated controls are integrated in operational processes to monitor compliance with the policy, including reporting of trading by Board members, Management and employees through Dlala.

### ***Related Party Policy and Conflicts of Interest***

A Related Party policy to govern commercial transactions with related parties, potential conflicts of interest, related practices and disclosures, has been prepared and approved by the Board of Directors on 09 October 2012.

### **Dividend Policy**

The payment of dividends is subject to recommendation by the Board of Directors and approval by the Company's shareholders. Dlala Board in its meeting on 06<sup>th</sup> February 2013 has proposed distribution of 11% bonus shares of company's paid up capital.

### **Remuneration Policy (Art 30.3)**

Board remuneration is subject to approval of the General Assembly. A maximum limit of 10% of the net profit can be attributed to bonus distribution. Should the Company not make a profit in the year; a lump sum compensation could be paid out to Board members, provided that the reward for any one Board member does not exceed QAR 100,000 per year.

The Board determines Senior Management compensation. The Senior Management compensation is composed of a salary and a performance related bonus. Dlala discloses Board and Senior Management compensation as a part of the Related Party disclosures in the Group's Financial Report.

### **Disclosure**

- 1- The Company complies with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board Members, senior executives and major or controlling shareholders. The Company also discloses information about its Board Members including notable a resume of each member describing his/her respective education, profession, other board seats that they may hold (if any). In addition to names of the members of various Committees constituted by the Board.
- 2- The Board ensures that all disclosure made by the Company provides accurate and true information which is not misleading.
- 3- The Company presents financial reports that comply with IFRS/IAS and ISA standards and requirements. The External Auditor report states whether they obtained all information needed, and whether the Company conforms to IFRS/IAS and that the audit has been conducted in accordance with IAS.
- 4- The Company audited financial reports are presented in Qatari Newspapers and uploaded on Company website and Qatar Exchange Website.

### **Compliance and Control Improvements (Art 30.2, 30.6, 30.7, 30.8, 30.9)**

The regulatory environment in Qatar is subject to frequent changes. Dlala monitors the regulatory changes and consistently seeks to comply with all new or changed laws and regulations. In addition, Dlala maintains an open and constructive dialogue with regulatory authorities on areas for further improvement.

### **Stakeholders' Rights (Art 29 of the QFMA CGC)**

Dlala policies and procedures including the following terms:

- The rights of Stakeholders are to be respected. Where Stakeholders participate in the corporate governance arrangements; they shall have access to relevant, sufficient and reliable information on a timely and regular basis.
- Ensure that the Company's employees are treated according to the principles of fairness and equity and without any discrimination whatsoever on the basis of race, gender, or religion.
- Developing a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company.
- Adopting a mechanism enabling company employees to report to the Board suspicious behavior, where such behavior is unethical, illegal, or detrimental to the Company. Ensuring that the employee addressing the Board shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee's superiors.

### **Next Steps to Achieve Compliance with the QFMA Corporate Governance Code (CGC)**

Article 2 of the QFMA CGC requires listed companies to disclose the extent to which they comply with the provisions included in the Code as well as justify and explain the reasons and rationale behind the non-compliances. Dlala has identified the following areas in which further enhancement to its corporate governance practices are required, in line with the provisions of the Code:

#### **1. Nomination, Remuneration and Governance Committee**

The Committee, in co-operation with the Chairman of the Board, will conduct annual evaluation of the Board performance including assessment of the performance of the Board and senior management in implementing the Internal Control systems and identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board.

#### **2. Risk Management**

The BOD assumes full responsibility for the development of strategic risks and the application of the relevant, Principles, frameworks and policies. To further enhance its risk management practices, Dlala has established a risk committee to handle the risk management function and the relevant policies and procedures is being established; the risk function is well considered by use a risk-based internal auditing methodology in preparing the audit plan by the internal auditor.

The Board will retain overall oversight and governance responsibility for risk management, supported by the Board Audit Committee and the Risk Management function.

#### **3. Investor Relation**

In support of Dlala's Management commitment to establish transparent and close communication with the shareholders, a clear and comprehensive Investor Relation Policy has been prepared and will be published soon after approval by the board of the directors.

#### **4. Process improvements**

Succession plan is one of the items in the scope of the consultation agreement with an Independent consultant (KPMG), appointed for designing and implementing HR Processes

Dlala will design and implement the following governance processes:

- A training process and plan for Board members.
- A process to prepare and issue an annual Corporate Governance report.
- A process to monitor auditor rotation and independence.
- A mechanism has been designed and implemented to enable employees to report behavior that is suspicious, illicit, unethical or detrimental to the Company; while ensuring the confidentiality of the information received and the protection of the whistleblower. The relevant policies and procedures is under final review and approval process.
- A process to ensure that shareholders rights of access to Company documents and information in a timely manner and on a regular basis are preserved. The company will embed in its articles of association a mechanism ensuring the trigger of a public offer

### **5. Policies and Procedures**

The existing governance documentation, complemented with all supporting documents required such as charters, terms of reference and policies and procedures were completed.

To reflect existing practices, all policies and procedures within Dlala holding and its subsidiaries are to be evaluated and reviewed on yearly basis by senior management.

### **6. Amendment over the Articles of Association**

The company shall recommend the following amendment to be approved by the Extra Ordinary General Assembly:

#### **Access to Information (Art 23.1 of the QFMA CGC)**

Procedures of Access to Information to ensure that shareholders rights of access to Company documents and information in a timely manner and on a regular basis.

#### **Shareholders' Rights Concerning Board Members' Election (Art 26.1 of the QFMA CGC)**

Ensuring that shareholders are given information relating to Board Members' candidates including a description of candidates' professional and technical skills, experience and other qualifications.

#### **Capital Structures, Shareholders' Rights and Major Transactions (Art 28.2& 28.3 of the QFMA CGC)**

Adopt provisions for the protection of minority shareholders in the event of approval of Major Transactions where the said minority shareholders have voted against such Major Transactions.

Adopt a mechanism to ensure that trigger of a public offer or the exercise of Tag Along Rights in the case of a change in ownership exceeding a specific percentage (threshold) .

**Nasser Hamad Al Saulaiti**

**Chairman**



# **Annex 1 – Presentation of Our Board Members**

**Mr. Nasser Al Sulaiti**  
**(Chairman- Armed Forces Investment Fund)**

**Mr. Jaber Bin Hajjaj Al Ashahwani**  
**(Vice Chairman)**

**Mr. Abdul Rahman Ahmad Al Mana.**  
**(Board Member - representing the Education and Health Fund of the Ministry of Economy of Finance)**

- Mr. Abdul Rahman Al Mana holds a bachelor's degree in management and economics.
- Currently, he is an investment analyst in assets management department at the Qatar Investment Authority, he also enjoys an extensive experience in the financial sector, he also participated in many economic and investment forums and conferences in the State of Qatar.

**Ms. Moza Mohammed Al Fuddalla Al Sulaiti**  
**(Member of Board - representing the Pension Fund of the General Authority for Retirement and Social Insurance authority)**

- Ms. Sulaiti holds a Master degree in Banking and Finance from the University Of Salford, UK.
- Ms. Sulaiti currently is the Director of Planning and Research / Deputy Director of the fund accounts bureau at the General Authority for Retirement and Social Insurance authority since 2009, before that she was working at the Audit Bureau- Qatar since 1993, also participated in many economic and investment forums and conferences in the State of Qatar.

**Mr. Ahmed Mohamed Ali Ibrahim Asmakh**

**(Member of the Board and the Managing Director)**

- Mr. Ahmed Asmakh holds a bachelor degree in history from the University of Qatar in 2002.
- Mr. Ahmed Asmakh currently is a second secretary at the Ministry of Foreign Affairs since 2003; he also enjoys wide experience in the financial securities field in the local and international markets.

**H.E. Sheikh. Suhaim bin Khalid bin Hamad Al Thani**

**(Board Member)**

- HE Sheikh. Suhaim bin Khalid bin Hamad Al Thani, holds a bachelor's degree in business administration from the University of Plymouth in Britain.
- His Excellency has worked at HSBC and Deutsche Bank.
- His Excellency has a number of courses in business, Finance and Banking.
- His Excellency is a member of the Executive Committee of Dlala.

**Mr. Ali Hussein Ali AL Sada**

**(Board Member)**

- Mr. Ali Al Sada enjoys wide experience in the financial securities field.
- Mr. Ali Al Sada as a businessman, he manages a wide range of private investment, he also is a board member and an Executive Committee member at the Qatar National Bank "QNB" since 1998, board member at Qatar Navigation company, and a board member Halul Marine Services Ltd. a wholly owned subsidiary of Qatar Navigation, and also is a board member of several companies outside the State of Qatar in the UAE, Bahrain and Syria.

**Waleed Raslan Al-Abdullah**

**(Board Member)**

- Mr. Waleed Raslan Al-Abdullah has Master degree of business administration from the University Of Glamorgan in the United Kingdom; he also attended and participated in CPA review course and examination in USA.

- Mr. Al-Abdullah is currently Deputy Chief Financial officer, in Qatar Foundation; he has also served as Deputy Executive Director, Deputy General Manager, finance and human resources director at Qatar Transportation Company (Mosalalt).