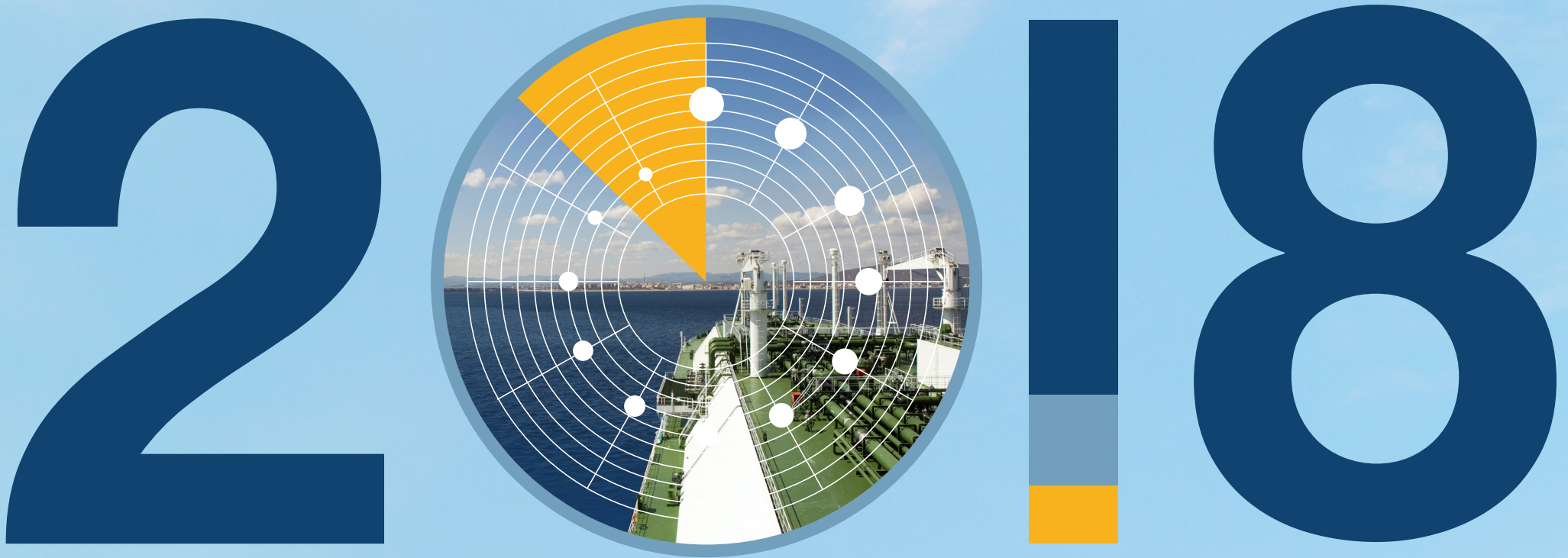


# CORPORATE GOVERNANCE REPORT

QATAR GAS TRANSPORT COMPANY LTD. (NAKILAT) Q. P. S. C.



# CORPORATE GOVERNANCE REPORT

**Introduction:**

“Qatar Gas Transport Company Limited (Nakilat) (QPSC) (“QGTC” or “the company”) is a Public Shareholding Company, incorporated in the State of Qatar on June 9, 2004, under Commercial Registration Number 28566 issued by the Ministry of Economy and Commerce. The company is governed by its Articles of Association and the provisions of Qatar Commercial Companies Law. The shares of the company started trading in the Qatar Exchange on April 7, 2005.”

<b><u>Date of incorporation:</u></b>	June 9, 2004
<b><u>Listing Date:</u></b>	April 7, 2005
<b><u>Website:</u></b>	<a href="http://www.nakilat.com.qa">www.nakilat.com.qa</a>

**The main purpose of the company:**

To be a global leader and provider of choice for energy transportation and maritime services.

<b><u>Capital Information:</u></b>	- The nominal value of the share:	10 Qatari Riyal
	- Issued Capital:	5.54 Billion Qatari Riyals

<b><u>External Auditor:</u></b>	KPMG
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Board of Directors:

Board Member	Competencies, Experience, & Other Board Seats Held
<b>HE Dr. Mohammed Bin Saleh Al-Sada</b> Chairman of the Board –Representing Qatar Petroleum	<ul style="list-style-type: none"><li>PhD from Manchester University for Science and Technology in the United Kingdom</li></ul>
<b>Ahmad Saif Al-Sulaiti</b> Vice Chairman of the Board – Representing Qatar Petroleum	<ul style="list-style-type: none"><li>Executive Vice President of Operations at Qatar Petroluem</li><li>Chairman of the Board in the following companies:<ul style="list-style-type: none"><li>Mesaieed Petrochemical Holding Company (MPHC)</li><li>Qatar Fuel Company (Woqod)</li></ul></li><li>Bachelor Degree in Mechanical Engineering</li></ul>
<b>Faisal Thani Al-Thani</b> Board Member – Representing Qatar Investment Authority	<ul style="list-style-type: none"><li>Head of Regional Portfolios at Qatar Investment Authority (QIA)</li><li>Chairman of Qatar Mining Company</li><li>Board Member of the following companies:<ul style="list-style-type: none"><li>Qatar Insurance Company</li><li>Ahli Bank</li><li>Qatar Diar</li><li>Beema</li><li>QLM</li></ul></li><li>Executive Master’s degree in Business Administration from HEC Paris</li><li>Bachelor’s degree in Business Administration from Marymount University, Virginia, USA</li></ul>
<b>Abdulrahman Essa Al-Mannai</b> Board Member – Representing Milaha	<ul style="list-style-type: none"><li>President and Chief Executive Officer of Milaha</li><li>Vice Chairman of Qatar Quarries and Building Materials</li><li>Board Member of QTerminals</li><li>Led the Planning Commercial &amp; Allocations Functions at Qatargas</li><li>Degree in Aeronautical Engineering</li></ul>

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Board Member	Competencies, Experience, & Other Board Seats Held
<b>HE Ali Ahmed Al-Kuwari</b> Board Member – Representing Milaha	<ul style="list-style-type: none"><li>Minister of Commerce and Industry</li><li>Board Member of Milaha</li><li>Master’s Degree of Science in Management Information Systems</li><li>Bachelor’s Degree in Math and Computer Science</li></ul>
<b>Mubarak Hamdan Al-Arabeed</b> Board Member – Representing Qatar Investment Authority	<ul style="list-style-type: none"><li>Director of the Government Housing and Buildings Department in Ministry of Finance</li><li>Chairman of Central Leasing Committee</li><li>Bachelor’s Degree in Sociology</li></ul>
<b>Faisal Abdulwahid Al-Hamadi</b> Board Member – Representing Qatar Pension Authority	<ul style="list-style-type: none"><li>Chief Investment Officer for the pension fund - General Authority for Retirement and Social Insurance</li><li>Director of Local Portfolios -Qatar Investment Authority (QIA)</li><li>Chairman of Hassad Food Company</li><li>Vice Chairman of Qatar Electricity and Water Company</li><li>Board Member of Qatar Fuel Company (Woqod)</li><li>Bachelor’s Degree in Business Adminstration from Qatar University</li><li>Master’s Degree of Science in Finance from Kogod Business School - Washington DC,USA</li></ul>

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Audit Committee

Name	Position
Faisal Thani Al-Thani	Chairman
Mubarak Hamdan Al-Arabeed	Member
Faisal Abdulwahid Al-Hamadi	Member

Compensation Committee

Name	Position
Ahmad Saif Al-Sulaiti	Chairman
HE Ali Ahmed Al-Kuwari	Member
Faisal Abdulwahid Al-Hamadi	Member

Nomination Committee

Name	Position
Faisal Abdulwahid Al-Hamadi	Chairman
Mubarak Hamdan Al-Arabeed	Member
Abdulrahman Essa Al-Mannai	Member

**Responsibilities:** All board committees abide by their defined charters and the responsibilities dictated in article (18) of Qatar Financial Markets Authority (QFMA) governance code published on May 2017

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Senior Management Team

Name	Position
Eng. Abdullah Fadhalah Al-Sulaiti	Chief Executive Officer (CEO)
Samir Bailouni	Chief Operation Officer (COO)
Rashid Hamad Al-Marri	Chief Administrative Officer (CAO)
Hani Abuaker	Chief Financial Officer (CFO)
Jakob Stampe	Chief Commercial and Business Development (CC&BDO)
Mohammad Siddiqui	Chief Treasury Officer (CTO)
John Prados	Acting General Counsel (GC)
Capt. Jonathan Shea	Chief SHEQ Officer (CSHEQO)
Mohammed Al Kaabi	Chief Corporate Planning and Risk Officer (CCP&RO)
Abraham Abdulhalim	Chief Internal Auditor (CIA)
Hamish Bullen	Chief Shipyard Management Officer (CSMO)

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Article 1: Definitions

Clause	Description	Remarks	Compliance
-	Definitions referred to in the governance code regulated by Qatar Financial Markets Authority (QFMA)	The company has adopted the definitions referred to in the governance code (published on May 2017) for companies listed on the main market that are regulated by QFMA.	✓

Article 2: Scope of Implementation

Clause	Description	Remarks	Compliance
-	The principles and provisions of this code shall apply to companies and legal entities listed on the main market, unless there is a special provision on this regard stipulated in any of the authority’s legislations. The company shall, in its annual report, disclose its compliance with provisions of this code. In case of non-compliance with any principle or provision for reasons accepted by the authority – taking into account the public interest, the market interest, or the protection of investors – the company shall specify the article or articles that have not been complied with as well as to mention in the governance report the justifications of non-compliance, as the case might be.	The report was prepared in line with the QFMA governance code. According to the provisions of this article, the company based the report on the principle of compliance.However, if the company is non-compliant with any of the articles, justifications are provided as part of this report.	✓

Article 3: Compliance with Governance Principles

Clause	Description	Remarks	Compliance
3-1	The board shall commit to implementing the governance principles set out in this code, which are: justice and equality among stakeholders without discrimination among them on basis of race, gender, and religion; and transparency, disclosure and providing information to the authority and stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly. The principles also include upholding the values of corporate social responsibility and providing the public interest of the company and stakeholders over the personal interest as well as performing duties, tasks and functions in good faith, integrity, honor and sincerity and taking the responsibility arising there from the stakeholders and society. The board shall constantly and regularly review and update the governance applications, and apply the highest principles of governance when listing or trading any securities in the foreign market, and uphold fair-trading principles among shareholders. The board shall also update professional conduct rules setting forth the company’s values and shall constantly and regularly review its policies, charters, and internal procedures of which shall be binding upon the company’s board members, the senior executive management, advisors, and employees. These professional conduct rules may include the board charters and committees, the policy of its dealings with related parties, & insiders’ trading rules.	The board of directors has worked on ensuring the company is committed to this code and all its provisions and interpretations related to justice, equality, and fair-treatment among all stakeholders of the company. This report was approved by the board of directors before it was released. In addition, the board of directors oversees, reviews, develops, and abides by the rules of professional conduct and internal policies and procedures of the company to ensure that the company always adopts best governance practices. The board also overlooks and monitors the work and activities of the board committees and their charters. In addition, the board supervises the internal policies and procedures of the company to ensure compliance with the principles stated in the provisions of this article, and updates them whenever necessary. Hence, the company achieves best governance practices at all times.	✓

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Article 4: Governance Report

Clause	Description	Remarks	Compliance
-	The governance report is an integral part of the company’s annual report and shall be attached with it and signed by the chairman. Without prejudice to the provision of article (2) of this code, the governance report must include company’s disclosure on its compliance with the provisions of this code. It must also include all the information regarding the implementation of its principles and provisions, which include, but not limited to:	The company conducted a thorough review and vetting process to ensure compliance in preparation of this report. Also, the company has a mechanism in place to ensure the integrity of the governance process, which is always monitored by the board.	✓
4-1	The procedures followed by the company in implementing the provisions of this code.	The company with the supervision of the board took the necessary actions to ensure compliance with QFMA’s governance code.	✓
4-2	The disclosure of any violations committed during the year including violations and sanctions imposed because of non-compliance with implementation of any of principles or provisions of this code, their reasons, the remedial measures taken and measures to avoid the same in the future	There are no violations made during the year.	✓
4-3	The disclosure of the information relating to board members and its committees, senior executive management in the company, their responsibilities, powers and activities during the year, as well as their remunerations	Board members, board committees, senior executive management and their information are disclosed on pages 3 to 6 of this report. The board and the senior executive management of the company has performed their activities and duties as per defined policies, procedures, and charters. The company’s board and senior executive management remunerations are disclosed in the financial statements of the company’s annual report that is published and endorsed by the general assembly.	✓
4-4	The disclosure of the procedures of risk management and internal control of the company including the supervision of the financial affairs, investments, and any relevant information.	The board oversees the company’s internal controls that are defined by each department, and the Internal Audit department then ensures those controls are implemented and measures their effectiveness. The company also has a specialized risk management department that ensure facilitating and presenting comprehensive risk assessments that are conducted for investment opportunities and other matters, which are reviewed by the board, the company’s senior executive management, and specialized risk committees. The company’s top risks are also presented to the board in the annual business plan to ensure effective oversight and management of risks.	✓
4-5	The committees’ works, including number of meetings and their recommendations.	Board committees perform their duties and tasks as per article (18) of this code, and their board charters.  Summary of the committees work and meetings in 2018: <ul style="list-style-type: none"><li>Audit Committee: Prepared audit reports of the audits conducted for the company’s internal controls. The reports identified weaknesses and suggested corrective actions to concerned departments. The committee held 6 meetings in 2018.</li></ul>	✓



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		<ul style="list-style-type: none"><li>• Compensation Committee: Recommended remunerations for board of directors, senior executive management, and employees of the company. The committee held 2 meetings.</li><li>• Nomination Committee: Conducted the self-annual performance evaluation for the board of directors. The committee held 1 meeting.</li></ul>	
4-6	Disclosure of the procedures followed by the company in determining, evaluating, and managing risks, a comparative analysis of the company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes.	The company has established an Enterprise Risk Management (ERM) program and governance framework that looks after identifying, measuring, and effectively managing any emerging or existing risk that might hinder the company's ability to achieve its objective.	✓
4-7	Disclosure of the performance assessment of the board, compliance of its members in achieving the company's interest, doing the committee's works, and their attending of board and committees. Disclosure of the performance assessment of the senior executive management in implementing the internal controls system and risk management including identification of number of appeals, complaints, proposals, notifications, and the way used by the board to handle the regulatory issues.	The board and senior executive management performance is in-line with the expectations which Nakilat's business plan spells out, and the board nomination committee conducts an annual self-assessment evaluation based on pre-defined criteria and targets that measures the board's performance. All board members are expected to attend board meetings, and board committee meetings, unless they have an acceptable excuse of absence. The board monitors the performance of internal controls through the audit committee and ensures it monitors the mitigations of any gaps or weaknesses identified. In addition, the board oversees the risk management function, their responsibilities and activities on a quarterly basis, and they have endorsed the company's top risks, which were the company's focus this year. There were no complaints or issues during the year about the company's internal controls.	✓
4-8	Disclosure of internal controls failures, wholly or partly, or weaknesses in its implementation, contingencies, that have affected or may affect the company's financial performance, and the procedures followed by the company in addressing internal controls failures.	No internal control failures that affected the company's performance during the year.	✓
4-9	Disclosure of the company's compliance with applicable market listing and disclosure rules and requirements.	The company prepares and publishes a governance report that is in compliance with QFMA's governance code and regulations for entities listed on the main market. The company also ensures it is in compliance with the listing by-laws and requirements of Qatar Stock Exchange and the Commercial Companies Law.	✓
4-10	Disclosure of any conflict or dispute in which the company is a party including arbitration and lawsuits.	In compliance with IAS 37 accounting standards, any unsettled or ongoing disputes are disclosed in the company's financial statements that are part of the annual report under the "Commitments and Contingencies" section. The annual report is published and endorsed during the annual general assembly to all shareholders.	✓
4-11	Disclosure of operations and transactions entered by the company with any related party.	Related party transactions are disclosed in the annual report of the company and referred to it specifically in the Annual General Meeting, if any.	✓

Article 5: Requirements for Board Members

Clause	Description	Remarks	Compliance
	<p>The board member must be qualified with sufficient knowledge of administrative matters and relevant experience to perform its duties effectively and must devote enough time to do its job with integrity and transparency to achieve the company's interest, goals and objectives.</p> <p><u>The board member must adhere to the following:</u></p> <p>1. Not be under twenty-one years old with full capacity. 2. Not have been sentenced to criminal penalty, or a crime against honor or integrity, or any of the crimes stipulated in Article (40) of Law No. (8) Of 2012 concerning the Qatar Financial Markets Authority, and articles (334) and (335) of law No. (11) Of 2015 Promulgating Commercial Companies Law, or be prevented from practicing any work in the entities subject to the Authority's jurisdiction under Article (35 paragraph 12) of law No. (8) Of 2012 referred to, or have been bankrupted, unless been rehabilitated. 3. Be a shareholder owning, when elected, or within thirty days from its election date, many the company's shares determined by Article of Association. Such shares shall be deposited to the depository within sixty days from starting date of membership with prohibition from trading, mortgage or seize until the end of membership period, approved on the last budget of financial Year of doing business. Such shares shall also be allocated to ensure the rights of the company, shareholders, creditors and third parties for the responsibility of the board members. If the member does not provide the guarantee as mentioned, its membership becomes invalid. The independent member shall be exempted from this requirement.</p> <p>The candidate for board membership shall provide written acknowledgment stating not undertaking any legally prohibited job position to combine it with the Board membership.</p> <p>In all cases, the company shall commit to send a list of names and data of board membership candidates attached with each candidate's curriculum vitae and original copies of candidacy requirements to the authority at least two weeks before the date specified for board election.</p>	<p>The board of directors are equipped with adequate skills and expertise to perform their expected duties. They also have the right to ask for additional training if required.</p> <p>The company's board of directors are following the requirements as per QFMA's guidelines, which are also dictated in the company's Articles of Association.</p> <p>The board of directors submit an annual declaration form, to assure they do not combine any prohibited positions as per the law.</p> <p>The company follows the process of board membership elections as per QFMA's regulations and the Commercial Companies Law.</p>	✓

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Article 6: The Board Composition

Clause	Description	Remarks	Compliance
-	The board shall be composed pursuant to the law and the company's Articles of Association. At least one-third of the board members shall be independent board members, the majority of the board members shall be non-executive board members; and a seat or more may be allocated to represent the minority and another to represent the company employees. In all cases, the board composition shall ensure that one member or more do not dominate issuing the board decisions.	The company requires 3 out of its 7 members to be independent. Currently, independent board members are only Qatar Petroleum with 2 seats. Due to the fact that Qatar Investment Authority (QIA) acquired Qatar Education & Health Fund and Qatar Foundation Fund (which were both considered independent board members); Nakilat's board composition changed, and QIA now owns around 6% of the company's shares which makes them non-independent. Nakilat's 2019 elections shall gurantee that it is in compliance with QFMA's governance code in regards to the number of independent board members.	✓

Article 7: Prohibition of Combining Positions

Clause	Description	Remarks	Compliance
-	Without prejudice to the law provisions in this regard, it is prohibited for any one, whether in person or in capacity, neither to be a board chairman or a vice-chairman for more than two companies which their headquarters located in the State, nor to be a board member for more than three shareholding companies which their headquarters located in the State, nor to be a managing director in more than one company which its headquarter is located in the State, nor to combine two memberships of two companies exercising a homogenous activity.	The company's board of directors are in compliance with the provisions of this article.	✓
-	It is also prohibited to combine the position of the chairman with any other executive position in the company. The chairman shall not to be a member of any of the board committees set out in this Code.	The chairman of the board of directors is HE Dr. Mohammed Bin Saleh Al-Sada, and does not hold an executive management position in the company, as shown on page 6 of this report. The chairman is also not part of any board committees, as per committees structure on page 5 of this report.	✓
-	The chairman and the members of the board must provide an annual acknowledgment that none of them shall combine the prohibited positions according to the Law and this code's provisions. The board secretary shall keep such acknowledgment in the file prepared for this purpose.	The board of directors annually submit a declaration form acknowledging that they do not combine any conflicting positions as per the law. The board secretary maintains such declarations at all times.	✓

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Article 8: Key Functions & Tasks of the Board

Clause	Description	Remarks	Compliance
-	The board shall prepare a charter called "Board Charter" detailing the board's functions, and rights, duties and responsibilities of the chairman and members, according to the provisions of the Law and this code and shall be published on the company's website. The board charter shall include the board's key functions and responsibilities including, at least the following:	The board charter includes all tasks, functions, and responsibilities of the board members, and the charter is published on the company's website.	✓
8-1	Approving the strategic plan and main objectives of the company and supervising their implementation.	The board endorses the company's strategy and objectives as well as the company's annual business plan.	✓
8-1-1	Setting a comprehensive strategy for the company and key business plans and risk management policy, reviewing and directing them.	The board is responsible for endorsing the company's strategy, objectives, and business plan. They also ensure all required policies are reviewed and implemented effectively, such as the risk management practices.	✓
8-1-2	Determining the most appropriate capital structure of the company, its strategies and financial objectives and approving its annual budgets.	The board is responsible for endorsing and ensuring the availability of the company's capital as well as approving annual budgets.	✓
8-1-3	Supervising the main capital expenses of the company and acquisition/disposal of assets.	The board monitors the company's expenses. Any disposals/acquisitions of assets, investments, or other financial affairs, require the board's approval.	✓
8-1-4	Setting the performance objectives and monitoring the implementation thereof and the overall performance of the company.	The board endorses the business plan of the company and monitors its performance regularly.	✓
8-1-5	Reviewing and approving the organizational structures of the company on periodic basis to ensure distinct distribution for the functions, tasks and responsibilities of the company especially internal control units.	The board endorses any changes made to the company's organizational structure on annual basis, through the annual business plan.	✓
8-1-6	Approving the procedures manual needed to implement the strategy and objectives of the company, prepared by senior executive management. The manual shall include determining ways and means of the quick contact with the authority and other regulatory authorities as well as all parties concerned to governance, including the appointment of a communication officer.	The company defines the corporate strategy and objectives and presents it to the board for endorsement. The board of directors appointed the Chief Executive Officer (CEO) of the company to represent the company with all authorities, as he's the official spokesperson of the company.	✓
8-1-7	Approving the annual plan of training and education in the company that includes programs introducing the company, its activities and governance, according to this Code.	The board ensures the continuous learning and development of the employees and allocates budgets for such activities.	✓
8-2	Setting the rules and procedures for internal control and supervising them.	The board oversees the company's internal controls that are defined by each department, and the Internal Audit department then ensures controls are implemented, measures their effectiveness, and reports any weaknesses or gaps to the board.	✓
8-2-1	Developing a written policy that would regulate conflict of interest and remedy any possible cases of conflict by board members, senior executive management and shareholders. This includes misuse of the company's assets and facilities and the mismanagement resulting from transactions with related parties.	Board members annually submit a declaration form acknowledging that no potential conflict of interest shall arise. If any conflicts come to place, it is discussed with the board chairman and secretary to take necessary actions and decisions.	✓

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8-2-2	Developing full disclosure system as to achieve justice and transparency and to prevent conflicts of interest and exploiting the insider information. Such system shall include procedures followed when dealing in securities by insiders and identify prohibited periods of their trading in securities of the company or any company of its group, as well as preparing and updating a list of insiders to provide a copy to the board and the market upon adoption or update.	The company has an insider trading policy & procedure that regulates the disclosure system with the company's securities. Prohibited periods of trading in the company's securities are also announced and enforced. The company has prepared and updated a list of company's insiders and shared it with QFMA.	✓
8-2-3	Ensuring the integrity of the financial and accounting rules, including rules related to the preparation of financial reports.	The board reviews and approves financial reports in periodic intervals, which are always prepared as per applicable accounting standards and rules.	✓
8-2-4	Ensuring the implementation of control systems appropriate for risk management by generally forecasting the risks that the company may encounter and disclosing them transparently.	The board ensures that the company adopts leading risk management practices and establish a governance framework that helps in identifying, measuring, and managing risks. Part of the risk management practices in the company is disclosing all the risk assessments conducted to specialized risk committees that consist of senior managers in the company from all departments and functions. The company's top risks are also presented to the board in the annual business plan to ensure effective oversight and management of risks.	✓
8-2-5	Reviewing annually the effectiveness of the company's internal control procedures.	The Internal Audit department prepares internal audit reports on a regular basis that are reported to the board audit committee for their review. The reports include audit findings that address all matters related to identifying risks, and various weaknesses in internal controls, and suggest corrective actions to the concerned departments.	✓
8-3	Drafting a governance code for the company that does not contradict with the provisions of this code, supervising and monitoring in general the effectiveness of this code and amending it whenever necessary.	The board ensures the company has a governance report that discloses compliance with QFMA's provisions.	✓
8-4	Setting forth specific and explicit policies, standards and procedures for the board membership and implementing them after approval by the general assembly.	The election of board members is conducted in accordance with the requirements of QFMA and the company's Articles of Association, as referred to in Appendix (A) of this report.	✓
8-5	Developing a written policy that regulates the relationship among the stakeholders to protect them and their respective rights.	The company protects the stakeholders' rights and the Legal department of the company ensures to resolve disputes between stakeholders, if any.	✓
8-5-1	Indemnifying mechanisms of the stakeholders in case of contravening their rights pursuant to the law and their respective contracts.	The company protects the stakeholders' rights. In case their rights were violated, the dispute is handled by the company's Legal department that ensures fair treatment for all parties involved.	✓
8-5-2	Mechanisms of complaints or disputes that might arise between the company and the stakeholders.	<p>The company's Legal department has a defined policy in place with specific procedures to be carried out in case a dispute arises between the company and any stakeholder.</p> <p>The company also has a whistleblowing policy and procedure in place for all stakeholders to disclose any complaints, and their confidentiality will be maintained if they wish so.</p>	✓

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8-5-3	Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.	The company is certified with ISO 27001 for Information Security and has a dedicated "Information Security" section that has adopted an Information Security Management System (ISMS) manual that is followed by all employees of the company. It is one of the integral functions within the company as it is responsible for protecting the company's information and any client or customers information within its custody by safeguarding its confidentiality, integrity, and availability. It also safeguards the company from theft, abuse, misuse, and damage of any information. In addition, the company implemented the Rights Management System (RMS) to classify data, information, documents, and emails, based on pre-defined criteria that aims to protect the company's information. The company also ensures it signs Non-Disclosure Agreements (NDA) with any third parties and include confidentiality clauses in all its contracts.	✓
8-5-4	Put a code of conduct for the company's executives and employees compatible with the proper professional and ethical standards and regulate their relationship with the stakeholders and mechanisms for supervising this code and ensuring compliance there with.	The company has a code of ethics and business conduct that is acknowledged by all employees. Every employee must submit a signed declaration of the company's code of ethics and business conduct to the Human Resources department on an annual basis.	✓
8-5-5	The company's social contributions.	<p>The company's Public Relations policies and procedures states that the company plans for Corporate Social Responsibility (CSR) activities in the yearly event calendar of the company and organize them by targeting four main pillars which are: community development, promoting education, raising awareness for healthy living, or preservation of the environment.</p> <p>The board also ensures the company always strives to take an active role in the community and puts the effort into giving its best to the community by effective and meaningful participation.</p> <p>In 2018, the company had 17 CSR activities.</p>	✓
8-6	Setting policies and procedures to ensure the company's compliance with the laws and regulations and the company's obligation to disclose material information to shareholders, creditors and other stakeholders.	The company has developed a compliance policy to ensure compliance with the required laws and regulations. Further, the company's Investor Relations department discloses all required information to all stakeholders. Information is also available on the company's website.	✓
8-7	Inviting all shareholders to attend the general assembly meeting in the way charted by law. The invitation and the announcement shall include a thorough summary of the general assembly agenda, including the item of discussing and approving the governance report.	The board invites the shareholders to attend the general assembly as required by the law. The invitation and agenda are published on local newspapers, and Qatar Stock Exchange (QE) website. The governance report is included in the agenda of the company's ordinary general assembly and a copy is distributed among the participants during the general assembly.	✓
8-8	Approving the nominations for appointment in functions of senior executive management, and the succession planning concerning the management.	The board ensures the company has a succession planning system.	✓
8-9	Developing a mechanism for dealing and cooperating with providers of financial service, financial analysis, credit rating and other service providers as well as the	The company has a mechanism in place that ensures effective communication with all financial service providers and shareholders, which is done through the company's Investor Relation department.	✓



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	entities that identify standards and indices of financial markets to provide their services for all shareholders in a quick manner with integrity and transparency.		
8-10	Developing awareness programs necessary for spreading the culture of self-control and risk management of the company.	Risk management practices in the company includes establishing an awareness program aimed to embed risk management consciousness in the company. During 2018, the risk department arranged several risk awareness sessions for all employees to enhance their knowledge about risk management in Nakilat.	✓
8-11	Setting a clear and written policy that defines the basis and method of granting remuneration for the board members, in addition to incentives and rewards of senior executive management and the company's employees in accordance with the principles of this code without any discrimination based on race, gender or religion. Such policy shall be submitted yearly to the general assembly for approval.	The board has a compensation committee, and its charter has been approved. The compensation committee determines the policies of remuneration for board members, and ensure it is in line with article (42) of company's Articles of Association, as well as the executive management compensation, and endorses the remuneration of employees.	✓
8-12	Developing a clear policy for contracting with the related parties and presenting it to the general assembly for approval.	The company updated frameworks and all internal policies and procedures to reflect QFMA's governance code requirement in relation to related party policy. The related party policy of the company is in Appendix (B) of this report.	✓
8-13	Setting foundations and standards for evaluating the performance of the board and the senior executive management.	The board sets pre-defined criteria and targets for the evaluation of their performance, which is the duty of the board's nomination committee, where they conduct a board self-assessment evaluation on an annual basis, and present to the board if there are any gaps that needs to be addressed. The board also ensure the senior management team are evaluated based on the defined initiatives, milestones, and objectives that have been approved as part of the company's annual business plan.	✓

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Article 9: Board Responsibilities

Clause	Description	Remarks	Compliance
-	The board represents all shareholders; therefore, the board must exert more due diligence and care in managing the company in an effective and productive manner to achieve the interest of the company, partners, shareholders and stakeholders, and to achieve the public interest and investment development in the State as well as community development. The board shall also bear the responsibility to protect shareholders from illegal or abusive practices and business, or any acts or decisions that may be harmful to them, discriminate among them, or let a group dominate another. The responsibilities of the board must be clearly stated in the company's Articles of Associations and in the board charter referred to in the previous article. Without violating the provisions of the law, the board must carry out its functions and duties, and bear responsibility according to the following:	The board of directors always acts on an informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders. The responsibilities of the board are clearly stated in the board of directors' charter that is published on the company's website and available for all shareholders.	✓
9-1	The board must carry out its duties in a responsible manner, in good faith and with due diligence. Its decisions should be based on sufficient information from the executive management, or from any other reliable source.	The board of directors perform their duties in a sincere and caring approach. They ensure that they receive sufficient information from the senior management team of the company.	✓
9-2	A board member represents all shareholders and shall commit to carry out whatever might be in the interest of the company, and not in the interests of the group it represents or that which has voted in favor of its appointment to the board.	The board of directors represents all shareholders and owes the company the fiduciary duties of care, loyalty, and compliance, as well as protecting the company's interest.	✓
9-3	The board shall determine the powers to be delegated to the executive management and the procedures for taking any action and the validity of such delegation. It shall also determine matters reserved for decision by the board. The executive management shall submit to the board periodic reports on the exercise of the delegated powers.	The board delegates some of its powers to the Chief Executive Officer (CEO) of the company and his senior management team. Subsequently, the management of the company regularly reports and update the board on matters within their power.	✓
9-4	The board shall ensure that procedures are laid down for orienting the new board members of the company's business and the financial and legal aspects, in addition to their training, where necessary.	The board of directors ensures that a new board member receives orientation and induction session to be familiarized with the company's practices and operations. Training is also available to all board members if they require any.	✓
9-5	The board shall ensure that sufficient information about the company is made available to all board members, generally, and to the non-executive members, to enable them to discharge their duties and responsibilities in an effective manner.	Board members have full and immediate access to information, documents, and records pertaining to the company. The company's senior executive management shall provide the board and its committees with all requested documents and information.	✓
9-6	The board shall not enter loans that spans more than three years and shall not sell or mortgage real estate of the company, or drop the company's debts, unless it is authorized to do so by the company's Articles of Association. In the case where the company's Articles of Association includes no provisions to this respect, the board should not act without the approval of the General Assembly, unless such acts fall within the normal scope of the company's business.	The board of directors ensures the company's operations and business are always conducted as stipulated in company's Articles of Association.	✓

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Article 10: Task Delegation

Clause	Description	Remarks	Compliance
10-1	Without prejudice to the competences of the general assembly, the board shall assume all the necessary competencies and powers for the company’s management. The board may delegate to its committees to exercise some of such powers and may form a special committee or more to carry out specific tasks to be stipulated in the decision of formation the nature of those tasks. The ultimate responsibility for the company rests with the board even if it sets up committees or delegates some of its powers to a third party. The board shall avoid issuing a general or an open-ended delegation.	The board established three board committees and delegated some of its powers to them as dictated in their charters that are approved by the board. The committees are: 1) Audit committee 2) Compensation committee 3) Nomination committee  The committees look after the tasks defined in their charters. However, the ultimate responsibility of the company rests with the board, where the board of directors endorses all decisions made by these committees.	✓

Article 11: Duties of the Board Chairman

Clause	Description	Remarks	Compliance
-	The chairman is the president of the company, represents it front of the others and before the judiciary and is primarily responsible for ensuring the proper management of the company in an effective and productive manner and working to achieve the interest of the company, partners, shareholders and stakeholders. The board charter must include tasks and responsibilities at least the following:	The Chairman is the president of the company and represents the company in front of the courts and third parties and is responsible for achieving the best interest of the company and its shareholders. The board charter includes the duties and responsibilities of the board chairman.	✓
11-1	Ensuring that the board discusses all the key issues in an efficient and timely manner.	The board discusses all key issues in an efficient and timely manner.	✓
11-2	Approving the agenda of the board meeting taking into consideration any matter proposed by any other board member.	Chairman of the board approves the agenda of each board meeting.	✓
11-3	Encouraging all board members to collectively and effectively participate in dealing with the board affairs for ensuring that the board is working to achieve the best interest of the company.	Chairman of the board encourages all board members to participate fully and effectively and ensure they achieve the best interest of the company.	✓
11-4	Making available for the board members all data, information, documents and records of the company, and of the board and its committees.	Board members have full and immediate access to information, documents, and records pertaining to the company. The company’s senior executive management shall always provide the board and its committees with all requested documents and information.	✓
11-5	Creating effective communication channels with shareholders and making their opinions heard to the board.	Chairman of the board ensures effective communication with shareholders, through the company’s Investor Relation department. The shareholders also have the right to raise any concerns or questions during the general assembly, and the board shall hear their concerns and answer them accordingly.	✓
11-6	Allowing effective participation of the non-executive board members and promoting constructive relations between executive and non-executive board members	The Chairman of the board encourages all board members to participate fully and effectively.	✓

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11-7	Keeping the members constantly informed about the implementation of the provisions of this code, the chairman may authorize Audit Committee or other committee in this mission.	The Chairman of the board is constantly informed about any updates or changes to the provisions of this code and updates the other board members accordingly.	✓
-	The vice-chairman shall replace the chairman during his absence, and the chairman may authorize other board members to some of his/her powers.	As per the company’s Articles of Association, the Vice-Chairman of the board shall replace the Chairman during his absence. The chairman of the board is also entitled to delegate some of his/her powers to other board members.	✓

Article 12: Board Members Obligations

Clause	Description	Remarks	Compliance
12-1	Attending meetings of the board and committees regularly, and not withdrawing from the board except when needed.	The board members attend all board meetings and board committee meetings and are only absent with an excuse accepted by the board.	✓
12-2	Giving priority to the interest of the company, shareholders and all stakeholders over their own interest.	The board ensures the interest of the company and the shareholders is prioritized over their personal interest.	✓
12-3	Providing opinion on the company’s strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments and operation standards.	The board supervises the operations of the company and ensure the company follows the right milestones to achieve its strategy and objectives.	✓
12-4	Monitoring the company’s performance in realizing its agreed objectives and goals and reviewing its performance reports including the company’s annual, half yearly and quarterly reports.	The board reviews the company’s performance, objectives, and financial reports, on regular intervals.	✓
12-5	Supervising the development of the procedural rules for the company’s governance to ensure their implementation in an optimal manner in accordance with this code.	The board of directors ensures all necessary actions are taken by the company to comply.	✓
12-6	Using their diversified skills and experience with diversified specialties and qualifications through an effective and productive management of the company, and working to achieve the interests of the company, partners, shareholders and other stakeholders.	The board of directors have a balanced and right mixture of skill-set, education, knowledge, and expertise to effectively manage the company and protect its best interest.	✓
12-7	Effective participation in the company’s general assemblies, and address the demands raised by participants in a balanced and fair manner.	The board invites the shareholders to the general assembly and all board members shall be present and effectively participate. During the assembly, the shareholders have the right to raise any concerns or questions, and the board shall hear their concerns and answer them accordingly.	✓
12-8	Not to make any statements, data or information without prior written permission from the chairman, and the board shall appoint an official spokesperson for the company	The board of directors appointed Eng. Abdullah Al-Sulaiti, company’s CEO, as the official spokesperson of the company.	✓
12-9	Disclosure of financial and trade relations, and litigants, including the judicial, which may affect negatively on carrying out the tasks and functions assigned to them. The board members, at the company’s expense, may request an opinion of an independent external consultant in issues relating to any of the company’s affairs.	As part of the annual board declaration form, the board disclose financial trades that conflict with the company’s interest, if any. The board is also allowed to consult an external independent party, and the expenses shall be paid by the company.	✓

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Article 13: Invitation for Meeting

Clause	Description	Remarks	Compliance
-	The board shall meet upon an invitation by the chairman, and pursuant to what is stipulated in the company’s Articles of Associations. The chairman may call the board for the meeting upon a request by at least two of its members. The invitation, accompanied with the agenda, shall be sent to each member at least one week prior to the meeting date; the member may request to add an item or more to the agenda.	The Chairman invites the board of directors to the board meeting as per the provisions of QFMA’s governance code.	✓

Article 14: Board Meetings

Clause	Description	Remarks	Compliance
-	The board shall convene at least six meetings during the year and three months must not elapse without convening a meeting.	The board of directors held 6 physical meetings during 2018 and issued additional board resolutions by circulation, which counts as meetings as stipulated in article (35) of the company’s Articles of Association.	✓
-	The board meeting shall be deemed valid if attended by most of the members, provided that either the chairman or the vice-chairman attends the meeting.	As dictated in article (35) of company’s Articles of Association, the board meeting is only valid if attended by the majority of board members, provided Chairman or Vice-Chairman is one of them. The absent board member is only excused if accepted by the board.	✓
-	The absent member may, by written request, delegate any other board member to represent it in attendance and voting. A board member cannot represent more than one member. If the board member is absent from attending three consecutive meetings or four non-consecutive meetings without an excuse acceptable to the board, the board member shall be deemed as resigned.	Any absent board member has the right to delegate another board member to represent his attendance and voting. The board member shall not be absent for more than 3 consecutive or 4 non-consecutive meetings, without an acceptable excuse to the board.	✓
-	Participation in the board meeting may be done by any secure and known means of technology that enable the participant to hear and actively participate in the board meeting discussions and make decisions.	Participation in board meetings can be done through any modern means of technology.	✓

Article 15: Board Decisions

Clause	Description	Remarks	Compliance
-	Without violating the provisions of the law in this regard, the board shall pass its decisions by majority votes of attendants and representatives. In case of a tie, the chairman shall cast the deciding vote. A minute shall be prepared for each meeting, including names of the attendees and absent members, as well as the meeting discussions. The chairman and secretary shall sign on the minute and if there is any member, who does not agree on any decision taken by the board, he shall state his objection in the meeting minutes. The board, if necessary or urgent, may issue some decisions by passing the subject for written approval of all its members to the decision, and it shall be presented during the next board meeting to include them in its minutes.	Voting during board meetings is done as dictated in the board charter. Board secretary minutes all discussions, decisions, attendees, absences, and any objections. The minutes are then signed by the chairman and secretary. The board can also issue decisions by circulating board resolutions, as long as approval of all board members is obtained.	✓

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Article 16: Board Secretary

Clause	Description	Remarks	Compliance
-	The board shall issue a decision naming the board secretary. A priority shall be for a person who holds a university degree in law or accounting from a recognized university or equivalent, and for who has at least three years’ experience in handling the affairs of a listed company. The secretary may, upon the chairman approval, require the assistance of any employee of the company to perform its duties.	The board secretary, Sami Nabawi, was appointed based on a board resolution. He is equipped with expertise to fulfill his complete duties, and he is currently a legal advisor at Qatar Petroleum. The company provides its full support to the board secretary whenever required.	✓

Article 17: Tasks and Duties of the Secretary

Clause	Description	Remarks	Compliance
17-1	Recording the minutes of the board meetings setting out names of the attendees and absent members and the meeting discussions and prove members objections to any decision issued by the board.	The board secretary takes the minutes of the board meetings which includes absent/present members, objections, and topics of discussion.	✓
17-2	Recording the board decisions in the register prepared for this regard as per issuance date.	Board decisions are documented in minutes of meeting or through board resolutions.	✓
17-3	Recording the meeting held by the board in a serial numbered register prepared for this regard arranged as per the holding date setting out names of the attending and absent members, the meeting discussions and the members objections, if any.	Board secretary minutes all discussions, decisions, attendees/absences, and any objections. The minutes are then signed by the chairman of the board.	✓
17-4	Safekeeping the board meetings’ minutes, decisions, reports, all board records and correspondence, and its writings in paper and electronic records.	Board secretary ensures that he maintains all minutes, board resolutions, reports, and records always.	✓
17-5	Sending to the board members and participants - if any – the meeting invitations accompanied with the agenda at least two weeks prior to the meeting specified date and the receiving members’ may request to add an item or more to the agenda with submission date.	The board secretary prepares the agenda, ensure board members can propose items of discussion in the agenda if needed, and then send it to all board members prior to the board meeting. He also prepares the meeting package, board resolutions, and any material needed, as well as taking the minutes of meeting which includes all topics, discussions, and record approvals or objections, if any.	✓
17-6	Making full coordination between the chairman and the members, among members themselves, as well as between the board and the related parties and stakeholders in the company including shareholders, management, and employees.	The board secretary ensures coordination between all relevant stakeholders.	✓
17-7	Enabling the chairman and the members to have timely access to all information, documents, and data pertaining to the company.	Board members have full and immediate access to information, documents, and records pertaining to the company. The company’s executive management shall provide the board and its committees with all requested documents and information.	✓
17-8	Safekeeping the board members’ acknowledgments of not combining prohibited positions pursuant to the law and the provisions of this code.	The board annually submit a declaration form which will be maintained by the board secretary always.	✓

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Article 18: Board Committees

Clause	Description	Remarks	Compliance
18-1	<b>Nomination Committee:</b> chaired by one of the board members and a membership of at least two. When selecting the committee members, the board shall consider the experience necessary for exercising the committee’s functions, which are – at least - the following:	The nomination committee is composed of 3 members of the board. The committee has a charter that includes all its responsibilities which are in line with the provisions of this article	✓
18-1-1	Developing general principles and criteria used by the General Assembly members to elect the fittest among the candidates for board membership.	The nomination committee ensures the shareholders have the criteria to help them in electing board members, if any elections happen.	✓
18-1-2	Nominating whom it deems fit for the board membership when any seat is vacant.	The nomination committee is responsible to recommend nominees for board membership whenever required.	✓
18-1-3	Developing draft of succession plan for managing the company to ensure the speed of a suitable alternative to fill the vacant jobs in the company.	The committee ensures the company has a succession planning system in place.	✓
18-1-4	Nominating whom it deems fit to fill any job of the senior executive management.	When required, the nomination committee may assist in nominating candidates competent to be part of the senior executive management of the company.	✓
18-1-5	Receiving candidacy requests for the board membership.	The nomination committee handles candidacy requests.	✓
18-1-6	Submitting the list of board membership candidates to the board, including its recommendations in this regard, and sending a copy to the authority.	The nomination committee recommends to the board suitable candidates. They also send a copy of the candidates to the authority.	✓
18-1-7	Submitting an annual report to the board including a comprehensive analysis of the board performance to identify the strengths, weaknesses, and proposals in this regard.	The nomination committee conducts annual self-assessment of the board performance, and then present its evaluation to the board identifying gaps and areas of improvement, if any.	✓
18-2	<b>Compensation Committee:</b> chaired by one of the board members and a membership of at least two. When selecting the committee members, the board shall consider the experience necessary for exercising the committee’s duties, which are – at least - the following:	The compensation committee is composed of 3 members of the board. The committee has a charter that includes all its responsibilities which are in line with the provisions of this article.	✓
18-2-1	Setting the company’s remuneration policy yearly including the way of identifying remuneration of the chairman and all board members. The board members’ yearly remuneration shall not exceed 5% of the company’s net profit after deduction of reserves, legal deductions, and distribution of the dividends to shareholders.	The compensation committee’s key role is setting the remuneration policy of the company including remuneration of the Chairman and all board members, as stipulated in article (42) of the company’s Articles of Association.	✓
18-2-2	Setting the foundations of granting allowances and incentives in the company, including issuance of incentive shares for its employees.	The company’s management has adopted a remuneration policy, which provides incentives for the employees and management of the company to always perform in the best interests of the company in the long term.	✓

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18-3	<b>Audit Committee:</b> chaired by an independent board member and a membership of at least two. When selecting the committee members, the board shall consider that: the majority of them shall be independent board members; any person who has previously conducted audit for the company within the previous two years shall not be a candidate, directly or indirectly, for the committee membership; and they shall have the experience necessary for exercising the committee’s duties, which are – at least - the following:	The company requires 3 out of its 7 members to be independent. Currently, independent board members are only Qatar Petroleum with 2 seats. Due to the fact that Qatar Investment Authority (QIA) recently acquired Qatar Education & Health Fund and Qatar Foundation Fund (which were both considered independent board members); Nakilat’s shareholders structure changed, and QIA now owns around 6% of the company’s shares. For this purpose, Nakilat conducts elections in 2019 in order to be fully in compliance with QFMA’s code in regards to the Audit committee to be chaired by an independent board member and a membership of at least two.	✓
18-3-1	Preparing and presenting to the board a proposed internal control system for the company upon constitution and conducting periodic audits whenever necessary.	The audit committee is responsible to conduct regular audits and present audit reports to the board highlighting observations and corrective actions.	✓
18-3-2	Setting the procedures of contracting with and nominating the external auditors and ensuring their independence while performing their work.	Audit committee evaluates the independence of the external auditor and reviews the procedures of contracting with external auditors.	✓
18-3-3	Overseeing the company’s internal controls, following the external auditor’s work, making coordination between them, ensuring their compliance with the implementation of the best international standards on auditing and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS/IAS) and (ISA) and their requirements; verifying that the external auditor’s report include an explicit mention if it had obtained all the necessary information and the company’s compliance with international standards (IFRS/IAS), or whether the audit was conducted based on International Standards on Auditing (ISA) or not.	The Internal Audit department ensures that they oversee the company’s internal controls and evaluate the external audits reports and ensures it includes that external auditor has obtained all information to ensure the company complies with international standards.	✓
18-3-4	Overseeing and reviewing the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports.	The audit committee reviews the financial statements periodically.	✓
18-3-5	Considering, reviewing and following up the external auditor’s reports and notes on the company financial statements.	The audit committee reviews the external auditor’s report.	✓
18-3-6	Ensuring the accuracy about and reviewing the disclosed numbers, data and financial statements and whatever submitted to the General Assembly.	The audit committee ensures the accuracy and integrity of financial reports and compliance with any disclosure requirements.	✓
18-3-7	Making coordination among the board, senior executive management, and the internal controls of the company.	The Internal Audit department reports to audit committee and ensures the board and senior management team are aware of any weaknesses in the company’s controls.	✓
18-3-8	Reviewing the systems of financial and internal control and risk management.	The audit committee reviews the financial reports and internal controls and risk management system.	✓
18-3-9	Conducting investigations in financial control matters requested by the board.	Audit committee conducts investigations and audits whenever requested by the board.	✓
18-3-10	Making coordination between the Internal Audit unit in the company and the external auditor.	Audit committee ensures coordination between the internal auditor and the external auditor.	✓



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18-3-11	Reviewing the financial and accounting policies and procedures of the company and expressing an opinion and recommendation to the board on this regard.	Audit committee delegates the Internal Audit department to review financial and accounting policies and shares recommendations with the board, if any.	✓
18-3-12	Reviewing the company's dealings with the related parties and making sure whether such dealings are subject to and comply with the relevant controls.	Internal auditors & external auditors review related party transaction as part of their review of the financial reports, if any.	✓
18-3-13	Developing and reviewing regularly the company's policies on risk management, considering the company's business, market changes, investment trends and expansion plans of the company.	The Internal Audit department recently audited the Risk Management department to ensure the effectiveness of its framework. An audit report was then prepared and submitted to audit committee.	✓
18-3-14	Supervising the training programs on risk management prepared by the company.	The Internal Audit department is aware of the risk-awareness program in the company.	✓
18-3-15	Preparing and submitting periodic reports about risks and their management in the company to the board - at a time determined by the board - including its recommendations and preparing reports of certain risks at the request of the board or the chairman.	Internal Audit department represents the audit committee. They conduct periodic reviews of the risk management department in the company. They also consider and perform any request from the board.	✓
18-3-16	Implementing the assignments of the board regarding the company's internal controls.	Audit committee considers all issues raised by the board to the committee and implement necessary actions accordingly.	✓
18-3-17	Conducting a discussion with the external auditor and senior executive management about risk audits especially the appropriateness of the accounting decisions and estimates and submitting them to the board to be included in the annual report.	External auditor report is disclosed in the annual report.	✓

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Article 19: Board Committees Work

Clause	Description	Remarks	Compliance
-	The board shall issue a decision to nominate the chairman and members of each committee, identifying its responsibilities, duties and work provisions and procedures.	The board established three board committees: <ul style="list-style-type: none"><li>• Audit Committee</li><li>• Compensation Committee</li><li>• Nomination Committee</li></ul> Each committee developed and published its charter that dictates their roles and responsibilities.	✓
-	Audit Committee shall meet at least six meetings a year.	Audit committee held 6 meetings in 2018. All members attended the meetings in the following dates: <ul style="list-style-type: none"><li>1- February 25<sup>th</sup></li><li>2- April 15<sup>th</sup></li><li>3- May 24<sup>th</sup></li><li>4- June 11<sup>th</sup></li><li>5- October 18<sup>th</sup></li><li>6- December 6<sup>th</sup></li></ul>	✓
-	It is prohibited to chair more than one committee composed by the board, and it is not permissible to combine the chair of the Audit Committee and the membership of any committee. The Nomination Committee and Remuneration Committee may be combined in one committee called "Nomination and Remuneration Committee".	Board Committees are structured in a way that: <ul style="list-style-type: none"><li>• No member chairs more than one committee</li><li>• Chairman of audit committee is not a member in any other committee</li></ul>	✓
-	The committee's meeting shall be deemed valid if attended by its chairman and the majority of the members. A minute shall be prepared for each meeting including the meeting discussions signed by the committee's chairman.	Board charter dictates that the quorum for any committee meeting requires 2 out of 3 members, provided the Chairman of the committee is one of them. Secretaries of board committees are responsible for taking the minutes that are then signed by the chairman of the committee.	✓
-	Each committee shall submit an annual report to the board including its work and recommendations. The board shall review and evaluate the committees' achievements and include it in the governance report.	Each committee submits to the board an annual report of its activities, and recommendations, if any. Summary of the board committee's and their activities are disclosed in article (4-5) of this governance report.	✓

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Article 20: Internal Control

Clause	Description	Remarks	Compliance
-	<p>The board shall adopt a proposal submitted by the Audit Committee on the company's internal control. The proposal shall include control mechanism, duties and functions of the company's departments and sections, its provisions and procedures of responsibility, and awareness and education programs for employees about the importance of self-control and internal controls.</p> <p>The above-mentioned proposal shall include the company's plan in risk management that at least includes identifying major risks that may impact the company especially those related to recent technology, the company's ability to take risks, put in risks identification mechanisms to ensure its qualification and implement awareness programs and ways to mitigate them.</p>	<p>The Internal Audit department looks after internal controls in the company, that are defined by each department, and submit periodic reports to the board's audit committee. Further, the company established an Enterprise Risk Management (ERM) program and developed its governance and framework that solidify the process of identifying, evaluating, measuring, and managing risks. Risk appetite and tolerance levels have also been defined as part of ERM practices and approved by the risk management committee. In addition, the company's top risks have been presented to the board and mitigating actions have also been identified. Lastly, the company has introduced a risk-awareness program that is aimed at embedding risk management consciousness within the company as well as sharing insightful information about ERM practices.</p>	✓

Article 21: Internal Control Unit

Clause	Description	Remarks	Compliance
21-1	<p>Internal control system of the company shall include establishing one or more effective and independent unit(s) for assessment and management of risk, financial audit and overseeing the company's compliance with the controls of financial transactions, especially those done with any related party. This unit shall be managed by one or more internal auditor(s) who has qualification and experience in financial audit, performance assessment and risk management, and has access to all company's department to follow-up the unit work. The board shall issue a decision on appointing and determining functions and remuneration of the internal auditor and shall be responsible before the board.</p>	<p>The company has a specialized department responsible for facilitating and presenting comprehensive risk assessments that are conducted for investment opportunities and other matters, which are reviewed by the company's senior executive management and specialized risk committees. In addition, the Internal Audit department looks after internal controls in the company, that are defined by each department, and submit periodic reports to the audit committee. The Chief Internal Auditor of the company has been appointed by the audit committee Chairman who met him and assessed his capabilities as part of the hiring process, and he also determines his compensation.</p>	✓

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Article 22: Internal Control Reports

Clause	Description	Remarks	Compliance
-	<p>Every three months, the internal auditor shall submit to the Audit Committee a report on the internal control achievements in the company.</p>	<p>The internal audit department submits periodic reports to the audit committee.</p>	✓
22-1	<p>Procedures of control and supervision in respect of financial affairs, investments, and risk management.</p>	<p>The company has a specialized Enterprise Risk Management (ERM) program and practices responsible for facilitating and presenting comprehensive risk assessments that are conducted for investment opportunities and other matters, which are reviewed by the company's senior executive management and specialized risk committees. The company's top risks are also presented to the board of directors in the annual business plan, for continuous oversight and management of risks.</p>	✓
22-2	<p>Review of the development of risk factors in the company and the appropriateness and effectiveness of the systems in the company to face the drastic or unexpected changes in the market.</p>	<p>The company has established an Enterprise Risk Management (ERM) program and governance framework that looks after identifying, measuring, and effectively managing any potential risks that might hinder the company's ability to achieve its objective. The Internal Audit department also reviews all departmental risk registers on a regular basis to measure the effectiveness of the controls identified.</p>	✓
22-3	<p>Comprehensive assessment of the company's performance regarding its implementation of the internal control system in compliance with provisions of this code.</p>	<p>Internal Audit department audits the company's internal controls.</p>	✓
22-4	<p>The company's compliance with applicable market listing and disclosure rules and requirements.</p>	<p>The company ensures that it is in compliance with the listing by-laws and requirements of Qatar Stock Exchange and the Commercial Companies Law.</p>	✓
22-5	<p>The company's compliance with internal control systems when determining and managing risks.</p>	<p>The company's Internal Audit department reviews the internal controls related to risk management.</p>	✓
22-6	<p>The risks faced the company, their types, causes and the actions taken in this regard.</p>	<p>All risks are disclosed to relevant risk committees and senior management of the company, and if needed, escalated to the board of directors.</p>	✓
22-7	<p>The suggestions for addressing the violations and mitigating the risks.</p>	<p>Part of the risk assessment analysis the company conducts is the identification of mitigating controls and actions that will treat the risk.</p>	✓

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Article 23: External Control

Clause	Description	Remarks	Compliance
-	The Audit Committee shall review and consider offers of external auditors registered in the external auditors list of the Authority, and then submit to the board a recommendation with reasons to choose one offer or more for appointment of the company’s external auditor. Immediately, after the board’s approval of the recommendation, it shall be included in the company’s General Assembly agenda. The General Assembly shall appoint an External Auditor or more for one Year, renewable for a similar period or other similar periods up to a maximum of five consecutive Years, provided that the re-appointment shall not be before passing two consecutive Years. The external auditor and its employees are prohibited neither to reveal the company secrets, nor to combine between its assigned business, functions and duties and any other business in the company, nor to work at the company before at least one year from the date of relations end with such company.	The audit committee recommends to the board the appointment of external auditor. After approval, the appointment is announced in the general assembly. The appointment and renewal of the external auditor is according to QFMA’s requirements which are stipulated in Article (60) of company’s Articles of Association. The external auditors do not reveal any information about the company and abides by what is dictated in QFMA’s governance code.	✓

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Article 24: Functions & Responsibilities of the External Auditor

Clause	Description	Remarks	Compliance
-	The external auditor shall inform the board - in writing – about any risk to which the company exposed or expected to be exposed, and about all the violations immediately upon identification, as well as send a copy of that notice to the Authority. In this case, the external auditor shall have the right to invite the General Assembly to convene pursuant to the Law provisions in this regard, provided that informing the authority thereof. The external auditor – even if they are more - shall submit one report to the General Assembly and read it, as well as shall send a copy to the authority with responsibility for the validity of data contained therein. Each shareholder of the General Assembly has the right to discuss with the external auditor and seek clarification in any matter of the report.	The external auditor conducts semi-annual reviews and annual audits. He prepares a report that is attached to the annual report and disclosed during the general assembly. The shareholders have the right to ask questions or discuss any matters in the external auditors report.	✓
24-1	Appropriateness and effectiveness of internal control systems implemented in the company	The internal audit department periodically audits the internal controls, the external auditor also reviews the internal control. The external auditor abides by his duties dictated in QFMA’s governance code. The external auditor also states his opinion regarding the appropriateness and effectiveness of the internal controls.	✓
24-2	The company's ability in continuous engaging activities and implementation of its obligations; that is evaluated independently of what is shown by the board.	The external auditor states his opinion regarding this matter in the external auditor report that is disclosed in the company’s annual report.	✓
24-3	The company's compliance to develop all types of internal policies and procedures, and the appropriateness of them with the Company ‘status, as well as its compliance with their implementation.	The external auditor shall ensure compliance with all policies and procedures.	✓
24-4	The company's compliance with its Articles of Associations and its compliance with the provisions of the Law and the Authority’s relevant legislations, including the provisions of this Code.	The external auditor shall provide his opinion on compliance with company’s Articles of Association and governance code.	✓
24-5	The company’s compliance with the implementation of the best international standards in auditing and the preparation of financial reports as well as its compliance with international audit and accounting standards (IFRS / IAS) and (ISA) and their requirements.	The external auditor conducts semi-annual reviews and annual audits. He prepares a report that is attached to the annual report and disclosed during the general assembly.	✓
24-6	The company's cooperation with the External Auditor in providing access to the necessary information to complete its duties.	The company ensures that it provides the external auditor with the information it requires to complete its audit.	✓

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Article 25: Disclosure

Clause	Description	Remarks	Compliance										
25-1	The company must comply with disclosure requirements, including the financial reports, the number of shares owned by each of the chairman and the board members, senior executive management, and major shareholders or controlling shareholders.	The company follows all disclosure requirements. The financial reports are disclosed on a quarterly basis, and annual basis during the General Assembly, and attached to the annual report. The board ensures the accuracy and integrity of all disclosures and compliance requirement. Board members, board committees, and their information are disclosed on pages 3 to 6 of this report.	✓										
	The company must also comply with disclosure about information related to the chairman, members, and committees of the board as well as their scientific and practical experiences as in the Curriculum Vitae (CV), and whether one of them is a board member, senior executive management of another company or a member of any of their board committees.	Board members and senior executive management of the company, including their spouses and minor children, who own shares in the company as of 31 <sup>st</sup> December 2018, are disclosed below:											
		<table><tr><td>HE Dr. Mohammed Al-Sade (Chairman)</td><td>30,060</td></tr><tr><td>Ahmed Saif Al Sulaiti (Vice-Chairman)</td><td>2,734</td></tr><tr><td>HE Ali Ahmed Al-Kuwari (Board Member)</td><td>69,000</td></tr></table>		HE Dr. Mohammed Al-Sade (Chairman)	30,060	Ahmed Saif Al Sulaiti (Vice-Chairman)	2,734	HE Ali Ahmed Al-Kuwari (Board Member)	69,000				
	HE Dr. Mohammed Al-Sade (Chairman)	30,060											
	Ahmed Saif Al Sulaiti (Vice-Chairman)	2,734											
HE Ali Ahmed Al-Kuwari (Board Member)	69,000												
	Largest five shareholders as of 31 <sup>st</sup> December 2018:												
	<table><tr><th>Name of Shareholder</th><th>Number of Shares</th></tr><tr><td>Qatar Navigation (Milaha)</td><td>84,000,000</td></tr><tr><td>Qatar Shipping Company</td><td>84,000,000</td></tr><tr><td>General Retirement &amp; Social Insurance Authority -Civil Fund</td><td>57,420,644</td></tr><tr><td>Qatar Investment Authority</td><td>32,810,648</td></tr><tr><td>General Retirement &amp; Social Insurance Authority – Military Fund</td><td>11,466,424</td></tr></table>	Name of Shareholder	Number of Shares	Qatar Navigation (Milaha)	84,000,000	Qatar Shipping Company	84,000,000	General Retirement & Social Insurance Authority -Civil Fund	57,420,644	Qatar Investment Authority	32,810,648	General Retirement & Social Insurance Authority – Military Fund	11,466,424
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General Retirement & Social Insurance Authority – Military Fund	11,466,424												
	The company's Public Relations department gets notified about any rumors and work towards ensuring that issues are immediately rectified with concerned parties.												

CORPORATE GOVERNANCE REPORT

Article 26: Conflicts of Interest

Clause	Description	Remarks	Compliance
-	Without prejudice to the provisions of the Law in this regard, the board shall comply with the principles of this Code and with the disclosure for dealings and transactions, which the company enters with any "Related Party" and in which such Related Party has an interest that may conflict with the company's interest. Prior at least a week from the date of holding the General Assembly called for considering the company's budget and the board's report, the board must disclose in detail for the shareholders about the abovementioned dealings and transactions and must disclose them in the company's annual report. In all cases, the company must not carry out any dealing or enter into any transaction with any "Related Party" only after the approval of the General Assembly of the company and must be included in the agenda of the next General Assembly to complete the procedures.	The company follows the same procedure disclosed in article (4-11) of this report.	✓

Article 27: Transparency and Upholding the Company's Interest

Clause	Description	Remarks	Compliance
27-1	Any related party, which is a party, has a relation with a business dealing, or has a relation with or a transaction entered into by the company, shall not attend the board meeting while discussing that dealing, relationship or transaction. Such Related Party shall not be entitled to vote on what issued by the board regarding these relationships or transactions. In all cases, all relationships held by the company with others must serve the company's interest, as well as all transactions shall be made according to market prices and on arm's length basis and shall not involve terms that are contrary to the company's interest.	The approval of related-party transactions, if any, requires the approval of majority of board members and without the participation of relevant members in the voting process.	✓

Article 28: Disclosure of Securities Trading

Clause	Description	Remarks	Compliance
-	The board members, senior executive management, all insiders, their spouses and minor children must disclose any trading and transaction they carry out involving the company's shares and any other securities, and the board shall adopt clear rules and procedures regulating trading of the insiders in securities issued by the company.	The disclosure of such shares is referred to in article (25) of this report.	✓



CORPORATE GOVERNANCE REPORT

Article 29: Shareholders Equality in Rights

Clause	Description	Remarks	Compliance
-	Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the law, regulations and relevant decisions. The company's Articles of Associations and by-laws shall include procedures and guarantees needed for all shareholders to exercise their rights. The rights to dispose of shares, obtain the determined dividends, attend the general assembly and participate in its deliberations and voting on decisions, as well as the right to access to information and request it with no harm to the company's interests.	Shareholders have the rights to vote, obtaining dividends, attending general assemblies, and all other rights as dictated by the company's Articles of Association. To keep our shareholders well informed about all material information, the company publishes all material and necessary information on its website and on Qatar Stock Exchange website.	✓

Article 30: Access to Ownership Register

Clause	Description	Remarks	Compliance
-	The company shall submit, monthly, an application to the depositary to get updated copy of shareholder's register and maintain it all times	The company's Investors Relation team requests Qatar Central Securities Depository (QCSD) a copy of shareholders register as needed.	✓

Article 31: Shareholders Right to Access Information

Clause	Description	Remarks	Compliance
-	The company's Articles of Associations and by-laws shall include procedures of access to Information that enable the shareholder to exercise full rights without prejudice to other shareholders' rights or harm the company's interest. The company shall comply to check and update the Information regularly, and to provide the shareholders with all Information they deemed important and enable them to exercise their rights fully, using new and modern technologies.	Shareholders have the right to access the information they need. All materials are disclosed on the company's website and Qatar Stock Exchange website. The company is also in compliance with disclosure requirements and bylaws of Qatar Stock Exchange.	✓

CORPORATE GOVERNANCE REPORT

Article 32: Shareholders' Rights Related to General Assembly

Clause	Description	Remarks	Compliance
32-1	The shareholder(s) who owns at least (10%) of the company's capital shall, for serious grounds, be entitled to request an invitation to convene general assembly. The shareholders representing at least (25%) of the company's capital shall be entitled to invite extraordinary general assembly to convene pursuant to the procedures prescribed by the Law and the regulations in this regard.	The board of directors gives the right for shareholders to call for a general assembly or an extraordinary general assembly in accordance to the conditions as per article (32-1) of QFMA governance code, which is also stipulated in articles (50) and (52) of the company's Articles of Association.	✓
32-2	The right to request including certain issues in the General Assembly's agenda to be discussed in the meeting if the board do not include such issues and the Assembly decided that.	Shareholders representing at least 10% of company's capital have the right to raise issues that shall be part of the general assembly's agenda.	✓
32-3	The right to attend meetings of the General Assembly, and to allow the opportunity to effectively participate in them and in its deliberations as well as discuss matters listed in the agenda, and to facilitate knowing date and place of the Assembly and the issues listed in the agenda as well as the rules governing the discussions and asking questions.	All shareholders have the right to attend and participate in the general assembly. The invitation and agenda are disclosed in local newspapers, and on Qatar Exchange website 15 days before the general assembly.	✓
32-4	A shareholder shall – in writing and upon a power of attorney- be entitled to appoint another shareholder who is not a board member to attend the General Assembly on his behalf; if shareholder by proxy shall not own more than (5%) of the company's capital shares.	Proxy voting is permitted. The form is attached to the general assembly invitation published in local newspapers for the shareholders to use as needed.	✓
32-5	The right of minors and shareholders restricted to attend the general assembly meeting, to be represented by their legal attorneys.	The company's Articles of Association dictates that minors shall be represented by their legal representatives during the general assembly.	✓
32-6	The shareholder shall be entitled to ask questions to the board members and shall be answered in a manner that does not prejudice the company's interests and shall be entitled to appeal to the general assembly if the answer considered as not sufficient.	The shareholders have the right to ask questions that are answered by the board of directors during the general assembly. If the shareholder found the answer to be insufficient, his appeal shall be recorded in the minutes of the general assembly.	✓
32-7	The right to vote on general assembly decisions, and to facilitate all information about the rules and procedures governing the voting process.	Voting is a shareholder right and it is done as dictated by article (46) of the company's Articles of Association. Proxy voting is also permitted.	✓
32-8	The shareholder shall be entitled to object to any decision deemed for the interest or harm of a certain group of shareholders; or brings a special benefit for board members or others without regard to the company's interests and be entitled to demonstrate this in the meeting minutes and to invalidate the objection according to the provisions of the law in this regard.	Any objections in the general assembly by shareholders are captured in the minutes.	✓

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Article 33: Facilitating Effective Participation in General Assembly

Clause	Description	Remarks	Compliance
-	The company shall choose the most appropriate place and time of the general assembly and shall use new and modern technologies in communicating with shareholders to facilitate the effective participation of the greatest number of them in the general assembly. The company shall enable shareholders to know the matters listed on the agenda and any new matters accompanied by sufficient information that enable them to make their decisions and shall also enable them to pursue the general assembly minutes. The company shall disclose the results of the general assembly immediately upon finishing and send a copy of such minutes to the authority immediately upon approval.	The company ensures it hosts the general assembly in an appropriate place for the shareholders. The invitation and agenda of the general assembly is published on official local newspapers and Qatar Exchange website, 15 days before the general assembly.  The board secretary is responsible for taking the minutes of the general assembly and send a copy to relevant authorities.	✓

Article 34: Shareholders’ Rights Related to Voting

Clause	Description	Remarks	Compliance
-	Voting is a shareholder’s right - can be exercised in person or by a legal representative – which shall not be waived or denied. The company is prohibited to put any limitations or take any action might hamper the use of the shareholder's voting right. The shareholders shall be afforded all possible assistance as may facilitate to exercise of the right to vote, using the new and modern technologies.	Voting is a shareholder right and it is done as dictated by article (46) of the company’s Articles of Association. Proxy voting is also permitted.	✓

Article 35: Shareholders’ Rights Related to Board Members Election

Clause	Description	Remarks	Compliance
-	The company shall comply with disclosure requirements relating to board members’ candidates and shall inform in sufficient time the shareholders all the information of all candidates and their knowledge and practical experiences as in their Curriculum Vitae before the date determined for convening the General Assembly. The General Assembly shall elect the board members by secret ballot in accordance with the Cumulative Voting method.	In the case of an election, all necessary information related to the candidates for board membership are disclosed to the shareholders. Voting for board membership election is done in accordance to the method followed by Qatar Financial Markets Authority.	✓

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Article 36: Shareholders’ Rights Regarding Dividends Distribution

Clause	Description	Remarks	Compliance
-	The company’s Articles of Associations shall determine - without prejudice to the company’s ability to fulfill its obligations to third parties - the minimum percentage of net dividends that should be distributed to shareholders. The board shall lay down a clear policy for the distribution of such dividends, in a manner that may realize the interests of the company and shareholders; shareholders shall be informed of that policy during the General Assembly and reference thereto shall be made in the board report. The dividends approved by the General Assembly for distribution, whether they be in cash or bonus shares shall be given, as of right, to shares owners who are listed in the register kept at the depository at the end of trading session on the day on which the General Assembly is convened.	The company ensures that it adopts a clear dividend distribution policy, as per article (67) of company’s Articles of Association, that is in the best interest of the company and the shareholders. The dividend distribution policy is part of the company’s Articles of Association that was disclosed to the shareholders in the general assembly. Annual dividends are announced during the general assembly that gets approved by shareholders. The amount of the annual dividend distribution is also disclosed in the board’s report that is part of the company’s annual report.	✓

Article 37: Shareholders’ Rights Related to Major Transactions

Clause	Description	Remarks	Compliance
-	The company’s Articles of Associations shall include a specific mechanism for the protection of shareholders' rights in general and minorities if the company conducted major transactions that might harm their interests or prejudice the ownership of the company's capital. In all cases, the company must disclose its capital structure, any agreement concluded thereto, and the shareholders who own, directly or indirectly, (5%) or more of the shares.	The company follows the provisions stipulated in the Articles of Association and the Commercial Companies Law regarding the protection of rights for the minority group.  Major shareholders of the company are disclosed as per Article (25) of this report.	✓

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Article 38: The Stakeholders’ Rights (non-shareholders)

Clause	Description	Remarks	Compliance
-	<p>The company shall maintain and respect the stakeholders’ rights. Each stakeholder in the company may request the Information related to his interest with attaching a proof of capacity, and the company shall provide the requested information in a timely manner and in a way, that does not threaten the others’ interests or prejudice the company’s interests.</p> <p>The board shall establish, in writing, a mechanism that defines procedures of the stakeholders’ appeals against the decisions and actions of the company’s officials and senior executive management, and other procedures to receive and consider their complaints, proposals and notifications regarding all aspects affecting the company’s interests and funds. The mechanism shall state the confidentiality of content of such complaint, proposal or notification, and shall protect the applicant, and deadlines to decide on appeals and response to complaints and proposals.</p>	<p>Stakeholders rights are always respected by the company and managed by our Public Relations department as dictated in the policies and procedures. The company’s website also acts as platform for any stakeholder that wishes to communicate with the company. In addition, the company has developed a whistleblowing policy that allows confidential disclosure of any complaints or unethical acts.</p>	✓

Article 39: The Community’s Right

Clause	Description	Remarks	Compliance
-	<p>The company shall do its part in community development and promotion, and the environment preservation through effective and meaningful participation system of corporate social responsibility.</p>	<p>The company’s Public Relations policies and procedures states that the company plans for Corporate Social Responsibility (CSR) activities in the yearly event calendar of the company and organize them by targeting four main pillars which are: community development, promoting education, raising awareness for healthy living, or preservation of the environment. The board also ensures the company always strives to take an active role in the community and puts the effort into giving its best to the community by effective and meaningful participations. In 2018, the company had 17 CSR activities.</p>	✓

HE Dr. Mohammed Bin Saleh Al-Sada  
Chairman of the Board

CORPORATE GOVERNANCE REPORT

Appendix (A): Board elections process and criteria

Process

Elections for board membership are held every three years, or when there’s a vacancy within Nakilat’s board of directors due to any reason. In all cases, the board's nomination committee will be responsible for handling candidacy applications and recommending who deems fit as per the requirements specified by Qatar Financial Markets Authority (QFMA).

Step	Action
1	Opening of election periods will be announced on local newspapers and Qatar Stock Exchange website to allow enough time for candidates to apply.
2	Nakilat to provide to all eligible candidates the application forms to nominate themselves for board membership election. All forms shall be filled by each candidate at Nakilat’s head office.
3	Nakilat to send all filled candidates' application forms to Ministry of Commerce and Industry(C&I) and QFMA for their approval, at least two weeks before the date specified for board membership election.
4	Nakilat to disclose approved candidates names on Nakilat official website and on Qatar Stock Exchange website
5	Elections will be done during the following General Assembly for shareholders to elect the candidates.
6	Voting will be done through secret ballot, and in accordance to QFMA rules and requirements.
7	On election day, quorum must be achieved for casting the ballot.
8	Announcement made for election results and new board members announced.

Criteria

All candidates must adhere with the requirements of board membership eligibility as per the Governance Code and Commercial Companies Law, to be considered for appointment.

#	Criteria
1	Shall not be less than twenty-one (21) years old and shall have full legal capacity.
2	Should not have been convicted of a felony or a crime in breach of honor or trust, or any of the crimes stipulated in Articles No. (334) and (335) of the Commercial Companies Law, or been declared bankrupt unless he has been rehabilitated, and Article (40) of Qatar Financial Markets Authority 2012 Law.
3	Should own 2,300,000 (two million and three-hundred thousand) shares of the company shares. This number of shares shall be assigned to the security of the rights of the company, shareholders, creditors and third parties against the responsibilities assumed by members of the board of directors.
4	Board member shall submit a declaration form acknowledging that he/she does not combine legally prohibited positions with Nakilat’s board membership as per QFMA’s governance code and Commercial Companies Law.
5	For independent board member, it should be in compliance with QFMAs requirements

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## Appendix (B): Related Party Policy

### Purpose

The purpose of this procedure is to define the roles and responsibilities and establish governance and due process for dealing with any situation where a Related Party Transaction, including Major Transaction as defined hereunder, is deemed to exist or likely to exist to ensure that all such transactions have been identified, disclosed, managed and reported in a fair, reasonable and consistent manner thus eliminating a potential conflict of interest, and always for the best interest of the Company and its stakeholders and in accordance with the applicable legal and accounting frameworks.

### Scope

The scope of this procedure includes the authority, responsibilities, duties, processes and functions specific to any transaction pertaining to a Related Party only.

### Definitions

As used in this procedure, the terms shall have the following meanings:

- “Commercially Sensitive Information” means information which is confidential to Company in relation to shipping, vessel management, financial, commercial and marketing information in connection with LNG, liquefied petroleum gas, condensate, sulphur, helium, and all by-products relating to the transportation of LNG.
- “Contract” shall be construed to also include “Purchase Orders” and “Contract Work Orders” for procurement of goods and services.
- “Company” means Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C.
- “BOD” means the Board of Directors of Qatar Gas Transport Company Limited (NAKILAT) Q.P.S.C.
- “Related Party” means a person that is a Board member of the Company or a company of its group; is a Member of the Senior Executive Management of the Company or any company of its group; owns at least (5%) of the Company shares or any of its group; or is a family member or relative of any of the former mentioned to the second degree. It includes the legal persons controlled by a member of the Board of the Company or any company of its group or of Senior Executive Management and their relatives to the second degree, or that participated in a project or a partnership of any kind with the Company or any company of its group.
- “Senior Executive Management” means Chief Executive Officer (CEO) and other executive managers reporting directly to CEO and additionally Chief Internal Auditor of the Company.
- “Transaction with Related Party” or “Related Party Transaction” means, for the purposes of this P&P, any Transaction between the Company and a Related Party that would be required to be disclosed and includes, but is not limited to, any financial transaction, arrangement or relationship including indebtedness and guarantees of indebtedness or any series of similar transactions, arrangements or relationships in which the Company is a participant and any Related Party had or will have a direct or indirect material interest being as the owner, board member, officer, director or nominee for a supplier, vendor, contractor, entity, organization or third party for which there is a commercial and/or financial transaction pertaining to an order,

# CORPORATE GOVERNANCE REPORT

- contract agreement, warranty or any other form of award including, but not limited to, lease transactions, sale or purchase transactions, contracts, agreements, commitments, creditor/debtor transactions or guarantees.
- “Major Transaction” means any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company business; or those whose gross value exceeds ten percent (10%) of the lesser of either the Company’s market value or the net value of the Company’s assets according to the latest announced financial statements.

## Policy and Procedure

### General

It is the policy of the Company, as approved by BOD, that all Transactions with Related Parties, as those terms are defined above in this P&P, shall be subject to declaration (disclosure), approval or ratification in accordance with this P&P.

Information and terms of any contemplated transaction, including, but not limited to, conflict of interest, whether direct or indirect personal interest, access to Commercially Sensitive and/or Confidential Information, shall be declared as far in advance as practicable to allow adequate consideration of the proposed transaction.

In all cases, all relationships held by the Company with others must serve the Company’s interest, as well as all transactions shall be made according to the market prices and on ‘arm’s length’ basis and shall not involve terms that are contrary to the Company’s interest.

### Related Party Transaction - Employees

In the event of an employee of the Company is the Related Party in the proposed Related Party Transaction , including the Major Transaction, with the Company, the matter shall always be governed, resolved and managed, including undertaking of the subsequent steps, in strict accordance and full compliance with the Company’s Code of Ethics and Conflict of Interest provisions as included in Employee Relations P&P and other applicable Supply, Finance and Audit P&Ps, including Consolidated Tender Committee P&P and TOFA.

### Related Party Transaction - Members of BOD and/or Senior Executive Management

Declaration of Related Party Transaction

In the event of a member of BOD and/or Senior Executive Management is the Related Party in the proposed Related Party Transaction with the Company, the member is required to declare and disclose the relationship in writing to the Chairman of the Audit Committee of BOD advising the potential transaction and all proposed terms of the subject transaction for consideration.

The formal enquiry (invitation to tender or any formal solicitation) documents issued by the Company for the required materials and services (or combined) shall include the necessary provisions requiring a disclosure and declaration of a Related Party status and/or any potential conflict of interest as part of the offer submission by the third-party suppliers and contractors.



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**Supply manager shall, on annual basis, report all Related Party Transactions to:**

- Chief Risk Officer in order to disclose those transactions in the annual Governance Report; and
- Chief Internal Auditor in order to report those transactions to the BOD Audit Committee.
- The Company shall notify BOD of the proposed Related Party Transaction in the event of the potential conflict of the interest and/or whenever the Company interests so require.

**Review of Related Party Transaction**

In the event of a member of BOD and/or Senior Executive Management is the Related Party in the proposed transaction with the Company, the BOD, may decide on the format of consideration, including the requirement for BOD meeting whenever the Company interests so require.

**During the review of the Transaction with the Related Party, the BOD shall, at its discretion, consider the factors, including but not limited to:**

- Business rationale for the transaction;
- Commercial reasonableness and fairness of the terms of the proposed transaction as if the proposed transaction does not involve the Related Party;
- Conflict of Interest and potential impact on the independence of the Related Party;
- Legal, financial and regulatory requirements applicable to the proposed transaction; etc.

Any Related Party, which is a party, has a relation with a business dealing or has a relation with or a transaction entered into by the Company, shall not attend the Board meeting while discussing that dealing, relationship or transaction.

**Related Party Major Transaction**

In all cases, the Company must not carry out any dealing or enter into any Major Transaction (as defined above in this P&P) with any Related Party only after the approval of the General Assembly of the Company and must be included in the agenda of the next General Assembly to complete procedures.