



Doha Insurance Company Q.S.C

Corporate Governance Review  
Report

2010

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# Section 1: Executive Summary

Deloitte has performed a review of the corporate governance practices of Doha Insurance Company and has compared the existing practices of the company against the corporate governance framework issued by the QFMA on 27 Jan 2009 (“QFMA corporate governance framework”). In order to arrive at our findings we have also referred to the international best practices for corporate governance. The details of the scope and process of our work is given in the engagement letter of the assignment (for engagement letter refer appendix – I).

This review is primarily performed to assess the company’s adherence to the QFMA corporate governance framework and in cases of non-compliance we have obtained management responses / justification of non-compliance. This review should not be construed as a review of compliance with the Commercial Companies Laws. The information mentioned in the appendices (Section 4) is for reference purposes and is not audited for its completeness. This report is prepared for the management of the company.

The review was conducted with the main source of information being the review of documents provided to Deloitte. Please note that Deloitte was unable to meet with the board members (except vice chairman) to obtain their feedback, due to scheduling difficulties.

Below is a summary of our key observations, for details of the review work performed refer (Section 3) of this report.

No.	Observations	Management’s Comments
<b>Board charter / terms of reference</b>		
1.	<p>As per QFMA corporate governance framework the BOD should adopt a formal board charter or term of reference (TOR) defining their roles, responsibilities and functions.</p> <p>The company does not have a formally approved charter or TOR for the board of directors.</p>	Could be implemented 2011.
<b>Formal system of performance appraisal of the board, board sub-committee and individual directors</b>		
2.	<p>A company should implement a performance appraisal system for the board and require the chairman of the BOD to annually evaluate the performance of the board and board members.</p> <p>DIC does not have performance appraisal system in place for the BOD, board sub-committees and individual directors.</p>	Will review in 2011.
<b>Terms of references of the committees</b>		
3.	<p>The board has established the following two committees:</p> <ul style="list-style-type: none"> <li>• Investment committee; and</li> <li>• Real estate committee.</li> </ul> <p>However these committees do not have approved terms of reference highlighting their role, mandate, authorities, meeting procedures and periodic reports to be sent to board.</p>	Will be implemented in 2010

No.	Observations	Management's Comments
<b>Required policies &amp; procedures and policies register</b>		
4.	<p>a) The QFMA corporate governance framework require the BOD of the company to approve and implement various policies to regulate the internal control environment of the company, the following policies &amp; procedures could be implemented to the governance practices:</p> <ul style="list-style-type: none"> <li>▪ Conflict of interest policy;</li> <li>▪ Confidentiality of information;</li> <li>▪ Director's remuneration policy;</li> <li>▪ Code of conduct/ ethics for directors and management;</li> <li>▪ Related party transactions policy;</li> <li>▪ Personal account trading policy;</li> <li>▪ Finance manual;</li> <li>▪ Risk management framework;</li> <li>▪ Code of corporate governance;</li> <li>▪ Compliance manual;</li> <li>▪ Whistle blowing policy;</li> <li>▪ Management incentive scheme; and</li> <li>▪ Dividend policy.</li> </ul> <p>The company does not have the above mentioned policies.</p> <p>b) As per the best corporate governance practices a company should keep a register of policies &amp; procedures approved and implemented by the board. The register should also contain the date of approval of the policy, ownership of the policy, concerned department, description of policy, subsequent reviews and date of revision.</p> <p>DIC does not have policies &amp; procedures register.</p>	<p>a) Will be Implemented in 3-5 years</p> <p>b) The current policies and procedures are available through the BOD minutes of meeting but will be registered and documented in 2011.</p>
<b>Ongoing education and training for the board members and orientation pack for incoming directors</b>		
5.	<p>As per QFMA corporate governance framework the board should put in place the following:</p> <p>a) Induction program for newly appointed board members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the company operates; and</p> <p>b) Training program to provide appropriate understanding to the directors about their role and duties and to educate them about financial, business, and industry practices as well as the company's operations.</p> <p>c) A process to ensure that the BOD are at all times kept updated about the latest developments in the area of corporate governance.</p> <p>DIC does not have the above processes.</p>	<p>DIC BOD members are highly recognised businessmen in the State of Qatar and do have the proper knowledge to assume their full responsibility and they are kept updates about the latest development during the regular meetings (minimum 6) during the BOD.</p>
<b>Succession plan for the senior management</b>		
6.	<p>As per QFMA requirements the BOD is responsible to establish a clear plan of succession of the members of the senior management;</p> <p>Currently the BOD have not established succession plan for the members of the senior management and does not have a business continuity plan / DRP.</p>	<p>BOD is aware of such plans. We have Invested heavily in bringing top professionals who can assume key positions including the top job(GM)</p>

No.	Observations	Management's Comments
<b>Required committees</b>		
7.	<p>As per QFMA corporate governance framework a company should establish the following committees:</p> <ul style="list-style-type: none"> <li>• <b>Nomination committee;</b> Chaired and comprised of independent board members which should recommend board members' appointments and re-nomination for election by the general assembly.</li> <li>• <b>Remuneration committee</b> Comprised of at least three non-executive members the majority of who must be independent to set the remuneration policy of the company including board members.</li> <li>• <b>Audit committee</b> Comprised of at least three members the majority of whom should be independent, it must include at least one member with financial and audit experience to carry out its functions required by QFMA corporate governance code.</li> </ul> <p>At present the company does not have the above mentioned committees.</p>	<p>We have an internal auditor approved by the BOD.</p>
<b>External auditors</b>		
8.	<p>As per QFMA corporate governance framework a listed company should change its external auditors every three years at a maximum.</p> <p>The current external auditors of the company were appointed in the year 2006. (2009 was their 4<sup>th</sup> year of audit).</p>	<p>Will be implemented in 2011.</p>
<b>Absence of terms of reference / charter for the committees</b>		
9.	<p>Formation of committees subordinate to the BOD should be according to general procedures laid down by the board, indicating the duties, the duration and the powers of each committee, and the manner in which the board monitors its activities;</p> <p>The company has the following two committees:</p> <ul style="list-style-type: none"> <li>- Investment Committee; and</li> <li>- Real Estate Committee.</li> </ul> <p>The above mentioned committees do not have approved terms of references by the BOD which would indicate the duties, duration and the powers of these committees, and the manner in which the board monitors its activities. The formal reporting mechanism from these committees to the full board is also not defined.</p>	<p>The BOD decided not to limit the committees to any TOR to give them maximum flexibility.</p>
<b>Approved Incentive Scheme</b>		
10.	<p>A company should establish a performance measurement mechanism for the management linked with the incentive scheme. And incentive scheme should be linked with the long term objectives of the company. Such a system should also identify training and development needs of the employees.</p> <p>The company does not have a performance management system for the management and employees or an incentive scheme for the management.</p>	<p>We do have performance management procedure conducted by the GM and approved by the Chairman and the MD. We note that such procedure has not been documented properly and will do so in 2011.</p>

No.	Observations	Management's Comments
<b>Shareholder's Rights</b>		
11.	<p>a) As per QFMA corporate governance framework the company shall include in its AOA procedures of access to information to ensure that shareholders rights of access to company documents and information in a timely manner and on regular basis are preserved.</p> <p>The AOA of the company do not describe the process for the shareholders to obtain information.</p> <p>b) The QFMA code requires that shareholders should have the right of *cumulative voting for the board members election.</p> <p>The AOA of the company do not specifically mention the process as "cumulative voting".</p> <p>c) The QFMA codes require that companies should adopt in their AOA provisions for the protection of minority shareholders interests.</p> <p>The AOA of the company does not contain any specific clause for the protection of minority interest.</p> <p><b>*Cumulative Voting</b></p> <p>For the election of board members every shareholder shall hold a total number of votes equal to the shareholder's total number of voting shares multiplied by the number of seats to be filled on the board. The shareholder shall have the right to allocate the said total number of votes to single board candidate or distribute his/her votes amongst such number of candidates as decided by the said shareholder.</p>	To be implemented in 2011.
<b>Board Secretary (terms of reference)</b>		
12.	<p>As per QFMA corporate governance framework the board appoints a secretary whose functions include maintaining, coordinating and taking note of the deliberations and discussions during the meeting and organizing the board minutes, records, books and reports submitted to the board and by the board.</p> <p>The board secretary may be only appointed or dismissed by a resolution issued by the board of directors.</p> <p>The roles and responsibilities of the secretary are not documented. Further the method of appointment and dismissal of the board secretary is not specifically mentioned in any company document.</p>	Noted and will be implemented in 2010 in the coming BOD Aug, 15, 2010.
<b>Approval of policies and procedures by the board</b>		
13.	<p>As per QFMA corporate governance framework the policies and procedures of the company should be approved by the company before they are implemented.</p> <p>The company has adopted and implemented various policies (for details of the policies refer appendix – H) however those policies have not been formally approved by the board:</p>	It's always been noted by the BOD during the meetings, however formal approvals are not obtained.

### Acknowledgement:

We would like to take this opportunity to thank Doha Insurance Company's management and the staff for their co-operation and assistance during the course of our review.

## Section 2: Company Background

Doha Insurance Company (Q.S.C.) is a Qatari shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on 2 October 1999 and under commercial registration No. 5 of 2002, with its registered office in Doha.

The company was formed in 2000 in response to the need for growth in the insurance industry, warranted by unprecedented accelerated economic expansion in Qatar as well as the enactment of laws encouraging investments.

During 2006, the company established an Islamic Takaful branch under the brand name Doha Takaful to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance.

Currently the company has around 98 employees.

# Section 3: Corporate Governance Review

## i. Board of directors

Board of Directors	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Do the Articles of Association (AOA) of the company specify the number of the board of director's (BOD) members?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The formation of the board is determined in the articles of association of the company.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The AOA of the company was approved by the Ministry of Finance, Economy &amp; Commerce. Article 25 of AOA states that the board shall be composed of 11 directors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the BOD contain executive, non-executive and independent members?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board should comprise executive, non-executive and independent members in order to secure that the board decisions are not controlled by one person or a small group of individuals.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There are 11 members on the BOD. For details relating to the composition of the board (refer appendix – B).</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the BOD have sufficient independent members?</li> </ul>	<ul style="list-style-type: none"> <li>▪ One third of the board members at least should be independent members and the majority of the members should be among the non-executive members.</li> <li>▪ Company should have an adequate number and appropriate composition of directors who are capable of exercising judgment independently.</li> </ul>	<ul style="list-style-type: none"> <li>▪ All the members of the board are independent. However the board has two executive members (refer appendix – B).</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the general assembly reserve the right to dismiss BOD members?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The AOA of the company should specify the manner in which membership of a director is terminated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Article 27 of the AOA specifies that the term of the director (no. of years) of the first board is 5 years however, the term for the second board and proceeding boards will be 3 years.</li> </ul>	<ul style="list-style-type: none"> <li>▪ First board was appointed for 5 years.</li> </ul>

Board of Directors	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Does the AOA specify the manner of termination of BOD members?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company's articles of association shall include clear procedures for removing board members in the event of failing to attend board meetings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Article 34 of the AOA provides the right to the general assembly to dismiss the chairman of the board or any of the BOD members based on a board request approved by the majority of the members or on an approved request from the shareholders, who own ¼ of the capital.</li> <li>▪ Article 35 provides the manner by which a director can be terminated. It mentions that if a director fails to attend three consecutive or five non-consecutive board meetings in a year without a reason accepted by the board, he could be terminated by board.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the chairman of the board form part of the management?</li> </ul>	<ul style="list-style-type: none"> <li>▪ It shall not be permitted that one person occupies or practices both the positions of the chairman and the chief executive officer of the company. Separation of responsibilities should be clearly applied on both positions.</li> <li>▪ In all cases, it shall not be permitted that one person in the company has the absolute power to take decisions.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Al Sheikh Nawaf Naser Bin Khaled Al Thani is the chairman of the board and is not acting in an executive capacity (refer to appendix – B).</li> <li>▪ The company has authority matrix in place for approvals.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the chairman of the board form part of any of the board sub-committees?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The chairman of the board of directors may not be member of the remuneration or audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company does not have audit, remuneration or nomination committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the chairman approve the agenda of every board meeting?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The chairman should approve the agenda of every meeting, taking in consideration the items addressed by any member on the board.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Chairman approves the agenda of every board meeting before circulation. The management intends to introduced this policy in August 2020.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>

Board of Directors	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Does the chairman annually evaluate the performance of the board?</li>   <li>➤ Does the BOD assume all the necessary powers for the company's management? Does it take the responsibility of all the issues related to the company?</li>   <li>➤ Has the board given clear instructions in case the power is delegated to any authority?</li> </ul>	<ul style="list-style-type: none"> <li>▪ It is the responsibility of the chairman to conduct an annual evaluation of the performance of the BOD.</li>   <li>▪ The company shall be managed by an effective board of directors which shall be individually and collectively responsible for the proper management of the company.</li>   <li>▪ The board shall be responsible for <ul style="list-style-type: none"> <li>- Approving the company's strategic objectives;</li> <li>- Appointing and replacing management and setting management compensation;</li> <li>- Reviewing management performance;</li> <li>- Ensuring succession planning of the management;</li> <li>- Ensuring the company's compliance with related laws and regulations as well as the company's articles of association and by-laws; and</li> <li>- Protecting the company from illegal, abusive or inappropriate actions.</li> </ul> </li>   <li>▪ The board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function with the requirement to obtain the Board's prior approval on specific matters. In any even the board remains liable for all of its functions or authorities so delegated.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company does not have a process for performance evaluation of the board. However the management is planning to introduce a policy in August 2010.</li>   <li>▪ As per article 31 of AOA, the company shall be managed by the board, which may exercise all such powers which are not required to be exercised by the regulations or by the AOA at AGM.</li>   <li>▪ The company does not have a documented board charter highlighting BOD collectively responsibilities and individual director's responsibilities.</li>   <li>▪ The board has documented and approved authority matrix through which power is delegated and has reserved certain powers to itself</li>   <li>▪ The board has constituted the following committees board sub-committees; however, the related terms of references have not been established yet (refer to appendix – C): <ul style="list-style-type: none"> <li>• Investment committee; and</li> <li>• Real estate committee.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of a process.</li>   <li>▪ None.</li>   <li>▪ Absence of a documented board charter.</li>   <li>▪ None.</li>   <li>▪ Absence of approved TORs of board sub-committees.</li> </ul>

Board of Directors	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Does the board have an approved charter or terms of references (TORs) for its functions and responsibilities?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board should ensure that the company adopts TORs for the board detailing their functions and duties to be completely observed by the board.</li> <li>▪ The TORs of the board should be published and made available to the public.</li> <li>▪ The TORs should comply with the requirements of QFMA and leading practices.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The BOD has not approved and implemented a terms of reference for BOD.</li> <li>▪ N/A</li> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of TORs for the board.</li> <li>▪ N/A</li> <li>▪ N/A</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the company have a formal system of performance appraisal of the board, board sub- committees and individual directors?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The BOD should adopt a formal process for self assessment of the performance of the board as well as the performance reviews of the board sub- committees and individual directors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company does not have a formal system of performance appraisal of board, board sub- committees and individual directors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of a performance assessment process.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the company have a documented orientation pack /handbook/ program for incoming directors?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board shall put in place an induction program for newly appointed board members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the company operates.</li> </ul>	<ul style="list-style-type: none"> <li>▪ No formal induction plan in place for newly appointed members of the board.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of a formal induction program for newly appointed directors.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the company have any program for ongoing education and training for the board members?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board is responsible for having an appropriate understanding of their role and duties and for educating themselves in financial, business, and industry practices as well as the company's operations. The Board shall adopt a formal training program.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Currently the company does not have a formal training program for the directors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of a training program.</li> </ul>

Board of Directors	QFMA Requirements	Current Structure	GAP
➤ Does the company have any procedure to ensure that the board is kept up-to date with the latest developments in the area of corporate governance?	<ul style="list-style-type: none"> <li>▪ The BOD shall at all times keep its members updated about the latest developments in the area of corporate governance. The board may delegate the same to the audit committee or the governance committee or to any other body.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Not specifically required and documented and also not specifically delegated to any committee or member of the management.</li> </ul>	<ul style="list-style-type: none"> <li>▪ No formal process.</li> </ul>
➤ Does the board, document its meetings and prepare records of the deliberations and the voting, and arrange for these records to be kept in chapters for ease of reference?	<ul style="list-style-type: none"> <li>▪ Minutes of the meetings of the board should be documented, approved and safe kept.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Article 38 of the AOA requires all the minutes of meetings to be kept as record in a special register; chairman, managing director and board secretary are required to approve the minutes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
➤ Is the agenda of the board meeting and other documents provided to the board members well before the meeting?	<ul style="list-style-type: none"> <li>▪ The invitation should be sent along with the agenda to each member at least one week prior to the meeting.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Minutes of all the board meetings held during the year were approved by the chairman, managing director and board secretary.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
➤ Can any director other than the chairman convene a board meeting?	<ul style="list-style-type: none"> <li>▪ Every member shall have the right to add any item on the agenda.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Information is generally sent 5 days before the meetings for details of the meetings and dates of circulation of agenda (refer appendix – D).</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
➤ Does the board meet regularly to discuss the issues relating to the company?	<ul style="list-style-type: none"> <li>▪ The board should meet upon an invitation by its chairman or upon a written request submitted by two members of the board.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Not specifically mentioned in AOA.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
➤ Does the board meet regularly to discuss the issues relating to the company?	<ul style="list-style-type: none"> <li>▪ The board should meet at least 6 times per year.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Article 33 of the AOA provides that board meetings shall be convened only by an invitation of its chairman or based on a request from at least 2 directors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Article 33 of the AOA mentions that the board should meet at least 6 times per year. There should be a meeting each 2 months. Please refer to appendix (D) for board meetings.</li> </ul>	

Board of Directors	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Does the board review the proceedings of the meetings conducted by the committees?</li>   <li>➤ Does the board have a clear and formal directors' remuneration policy that is aligned with shareholders' interests? Is it disclosed to the shareholders?</li>   <li>➤ Is the remuneration of the directors disclosed to the general assembly?</li>   <li>➤ Has BOD approved and implemented rules for internal controls systems and does it perform periodic review of those systems?</li>   <li>➤ Has board approved and implemented code of conduct for directors and employees?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The proceedings of the meetings conducted by committees should be included in the agenda of the first meeting of the BOD that follows the meeting of the committees.</li>   <li>▪ A company should have a directors' remuneration policy which is in line with the shareholders' interests.</li>   <li>▪ The remuneration policy shall be presented to the shareholders in the general assembly for approval and shall be made public.</li>   <li>▪ It is the responsibility of the BOD to lay down the rules for internal control systems and performing a periodic review of the effectiveness of the internal control systems.</li>   <li>▪ BOD is responsible to approve and implement a code of conduct for the company's directors and staff to regulate their relationship with the stakeholders. The code should be compatible with the proper professional and ethical standards.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board reviews the proceedings of the meetings conducted by the committees.</li>   <li>▪ The company does not have a directors' remuneration policy.</li>   <li>▪ The company does not have a directors' remuneration policy; however, article 40 of the AOA states that the AGM will determine the remuneration and incentive payments of the directors.</li>   <li>▪ The company has established various internal control procedures and BOD receives periodic reports for their effectiveness. (refer appendix – H for list of internal controls policies implemented):</li>   <li>▪ As per our discussion with the management the management will present the policies for board's approvals, once policies for all the departments are prepared so that they can all be approved at once.</li>   <li>▪ The code of conduct for employees and directors has not been drafted yet. The management intends to implement a code by the end of August 2010.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li>   <li>▪ Absence of directors' remuneration policy.</li>   <li>▪ Absence of a required policy.</li>   <li>▪ Internal controls policies not yet approved by the board.</li>   <li>▪ Absence of code of conduct.</li> </ul>



Board of Directors	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Has board approved and implemented a policy to regulate the trading by directors or shareholders in the shares of the company?</li> <li>➤ Has the BOD approved and implemented a code of corporate governance?</li> <li>➤ Have policies to ensure compliance with regulations to disclose material information to stakeholders formally documented and approved by the board?</li> <li>➤ Has the board implemented a whistle blowing policy or established compliance hotlines?</li> <li>➤ Are the powers to be delegated to the executive management determined by the BOD?</li> </ul>	<ul style="list-style-type: none"> <li>▪ Trading by board members' in the company's shares and other securities shall be disclosed and the company shall adopt clear rules and procedures governing trading by board members and employees in the company securities.</li> <li>▪ The BOD is responsible to approve and implement a corporate governance code, supervising and monitoring in general the effectiveness of the code and amending it, whenever necessary.</li> <li>▪ The BOD is responsible for deciding on policies to ensure company's compliance with the regulations and to disclose material information to shareholders, creditors and other stakeholders.</li> <li>▪ The BOD should ensure that employees are encouraged and enabled to raise serious concerns, if needed, at the right level.</li> <li>▪ The BOD should determine the powers to be delegated to the executive management and the procedures for taking any action and the validity of such delegation. The executive management should submit to the BOD periodic reports on the exercise of the delegated powers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ No personal account dealing policy exists in order to establish certain restrictions on the directors or employees for dealing in company's shares. No policy for dealing in company's shares.</li> <li>▪ Currently the company does not have an approved code of corporate governance. However we have been informed that a code will soon be implemented.</li> <li>▪ The BOD has not established yet a compliance manual, highlighting policies and procedures to ensure compliance with applicable rules and regulations. Management intends to introduce one soon.</li> <li>▪ The BOD has not documented a policy relating to whistle blowing. However as per our discussion with the management, the company maintains an open door policy.</li> <li>▪ The BOD has approved authority matrices for the company. The matrix for checks payments was approved in 14 Sept 08 and the matrix for investments was approved in 10 Oct 07.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of a personal account trading policy.</li> <li>▪ Absence of approved code of corporate governance.</li> <li>▪ Absence of compliance manual.</li> <li>▪ Absence of a whistle blowing policy.</li> <li>▪ None</li> </ul>

Board of Directors	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Has the board appointed a board secretary?</li>   <li>➤ Who can appoint and dismiss the board secretary?</li>   <li>➤ Is the secretary properly qualified to perform its duties and functions?</li>   <li>➤ Does the incentive scheme of the company link the senior management's incentives with the long term success of the company?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board appoints a secretary whose functions include maintaining, coordinating and taking note of the deliberations and discussions during the meeting and organizing the board minutes, records, books and reports submitted to the board and by the board.</li>   <li>▪ The board secretary may be only appointed or dismissed by a resolution issued by the board of directors.</li>   <li>▪ The secretary should preferably be a member in a recognized professional accounting association, a member in a chartered secretary association, a lawyer or a university degree holder or its equivalent with three years of experience at least in assuming the affairs of a public company listed on the market.</li>   <li>▪ The board should develop a remuneration policy that provides incentives to employees to always perform in the best interests of the company. This policy should take into consideration the long term performance of the company.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The BOD has appointed the secretary of the board; however the duties and responsibilities of the secretary are not documented.</li>   <li>▪ Not specifically mentioned in any document. We have been informed that the management will introduced TORs for board secretary next year.</li>   <li>▪ The secretary of the board is a lawyer.</li>   <li>▪ The company does not have a remuneration policy or incentive scheme.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of approved TORs for board secretary.</li>   <li>▪ No specified procedure to dismiss the board secretary.</li>   <li>▪ None.</li>   <li>▪ Absence of a remuneration policy or incentive scheme.</li> </ul>

## ii. Committees

Committees	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Has the board devised a formal system of performance appraisal of the committees?</li>   <li>➤ Has the board determined the duties, duration and the powers of each of its committees and the manner in which the board monitors its activities?</li>   <li>➤ Do the committees notify the board of its activities, findings or decisions? Does the board periodically monitor the activities of such committees?</li>   <li>➤ Does the board have sufficient committees to whom the necessary duties have been allocated?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The performance of the committees should be evaluated on a yearly basis.</li>   <li>▪ The formation of committees subordinate to the BOD should be according to general procedures laid down by the board, indicating the duties, the duration and the powers of each committee, and the manner in which the board monitors its activities.</li>   <li>▪ The committees should notify the board of its activities, findings or decisions with complete transparency. The board should periodically pursue the activities of such committees so as to ensure that the activities entrusted to those committees are duly performed.</li>   <li>▪ A company should have the following committees               <ul style="list-style-type: none"> <li>- Nomination committee;</li> <li>- Audit committee; and</li> <li>- Remuneration committee.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ The company does not have a formal mechanism of performance assessment of committees.</li>   <li>▪ The BOD sub-committees do not have approved TORs or charter. The management has informed us that TORs will be introduced by the end of 2010.</li>   <li>▪ The roles, responsibilities and authorities of the committees, including periodic summary reports to be sent to the BOD, are not mentioned in the AOA or documented in any TOR.</li>   <li>▪ The company has the following committees (refer to appendix – C for detail of committees):               <ul style="list-style-type: none"> <li>- Investment committee; and</li> <li>- Real estate committee.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of performance assessment process.</li>   <li>▪ Charters for the current committees are not documented.</li>   <li>▪ Committees update the full board about their activities.</li>   <li>▪ Absence of nomination, audit and remuneration committee.</li> </ul>

## a) Remuneration Committee

Remuneration Committee	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Has the board established a remuneration committee? Does it have enough independence?</li>   <li>➤ Does the remuneration committee have its approved terms of references? Do they describe its roles and powers?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board of directors shall establish a remuneration committee comprised of at least three non-executive board members the majority of who must be independent.</li>   <li>▪ Upon its constitution, the remuneration committee shall adopt and make available its terms of reference explaining its role and main responsibilities.</li>   <li>▪ The remuneration committee's main role shall include setting the remuneration policy of the company including remuneration of the chairman and all board members as well as senior executive management.</li>   <li>▪ Remuneration shall take into account the responsibilities and scope of the functions of the board members and members of senior executive management as well as the performance of the company. Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the company.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company does not have a remuneration committee.</li>   <li>▪ N/A</li>   <li>▪ N/A</li>   <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of a remuneration committee.</li>   <li>▪ N/A</li>   <li>▪ N/A</li>   <li>▪ N/A</li> </ul>

## b) Nomination Committee

Nomination Committee	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Has the BOD formed a nomination committee? Is the chairman of the nomination committee an independent board member?</li>   <li>➤ Does the nomination committee perform a formal assessment of the proposed director in accordance with the fit and proper criteria?</li>   <li>➤ Does the nomination committee have its approved terms of references? Do they describe its roles and powers?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board shall constitute a nomination committee chaired by an independent board member and comprised of Independent board members which shall recommend board members' appointments and re-nomination for election by the general assembly</li>   <li>▪ Nomination committee should take into account the candidates' sufficient availability to perform their duties as board members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications &amp; personality and should be based on the 'Fit and Proper guidelines for nomination of board members issued by QFMA.</li>   <li>▪ Upon its establishment, the nomination committee shall adopt and publish its terms of reference explaining its authority and role.</li>   <li>▪ The nomination committee's role shall also include conducting an annual self-assessment of the board's performance.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company does not have a nomination committee.</li>   <li>▪ N/A</li>   <li>▪ N/A</li>   <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of a nomination committee.</li>   <li>▪ N/A</li>   <li>▪ N/A</li>   <li>▪ N/A</li> </ul>

### c) Audit Committee

Audit Committee	QFMA Requirements	Current Structure	GAP
➤ Has the board established an audit committee with sufficient independent members in it?	<ul style="list-style-type: none"> <li>▪ The board of directors shall establish an audit committee that shall be comprised of at least three members the majority of whom should be independent.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of an audit committee.</li> </ul>
➤ Is the chairman of the audit committee an independent member? Does the committee have at-least one member who is an expert in financial matters?	<ul style="list-style-type: none"> <li>▪ The audit committee must include at least one member with financial and audit experience. If the number of available independent board members was not sufficient to fill the audit committee membership, the company may appoint members that are not independent board members provided that the chairman of the committee is independent.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>
➤ Does audit committee have any members who were previously employed by the external auditors of the company?	<ul style="list-style-type: none"> <li>▪ In any event, any person who is or has been employed by the company's external auditors within the last 2 years may not be a member of the audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>
➤ How often does the audit committee meet?	<ul style="list-style-type: none"> <li>▪ The audit committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>
➤ Has the company made proper disclosures in case of dispute between committee and the board?	<ul style="list-style-type: none"> <li>▪ In the event of any disagreement between the audit committee's and the board including where the board refuses to follow the committee's recommendations concerning the external auditor, the board shall include in the company's governance report, a statement detailing such recommendations and the reason(s) not to follow the recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>

Audit Committee	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Has the audit committee developed and implemented its approved terms of references? Do the terms of references cover its responsibilities relating to external auditors, validity of financial statements, internal controls and risk assessment?</li> </ul>	<ul style="list-style-type: none"> <li>▪ Audit committee should adopt and make public its terms of reference explaining its main role and responsibilities as mentioned in QFMA code.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>

### iii. Internal Audit Function

Internal Audit Function	QFMA Requirements	Current Structure	GAP
<p>➤ Does the company have an internal controls system / policies approved by the board?</p>	<ul style="list-style-type: none"> <li>▪ The company shall adopt internal control systems, approved by the board, to evaluate the methods and procedures for risk management, implementation of the company's corporate governance code and compliance with related laws and regulations. And the internal control systems shall set clear lines of responsibility and accountability throughout the company's departments.</li> <li>▪ Internal control systems shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit functions in addition to the external audit. The internal control systems shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto.</li> <li>▪ The company shall have an internal audit function with clearly defined functions and role.</li> </ul>	<ul style="list-style-type: none"> <li>▪ AML policy, IT policy, claims and underwriting policy and compliance manual have been established by related departments; however, they are not approved by the board (refer to appendix – H for available policies and procedures). In addition, the BOD of the company has not established or approved any of the following internal controls and risk related policies:               <ul style="list-style-type: none"> <li>- Compliance manual;</li> <li>- Counterparty exposure limits;</li> <li>- Finance manual;</li> <li>- Fraud risk management;</li> <li>- Various operational manuals;</li> <li>- Investment manual and</li> <li>- Corporate governance manual</li> </ul> </li> <li>▪ The internal audit function of the company has been outsourced to Deloitte &amp; Touche. Deloitte executes various audits during the year as per the agreed internal audit plan.</li> <li>▪ The company has outsourced its internal audit department to Deloitte &amp; Touche.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The policies are not yet approved by the board.</li> <li>▪ None.</li> <li>▪ None.</li> </ul>

Internal Audit Function	QFMA Requirements	Current Structure	GAP
<p>➤ Does the company have an effective internal audit function that has the respect and co-operation of the BOD and management?</p>	<ul style="list-style-type: none"> <li>▪ In particular, the internal audit function shall :               <ul style="list-style-type: none"> <li>- audit the internal control systems and oversee their implementation;</li> <li>- be carried out by operationally independent, appropriately trained and competent staff;</li> <li>- Submit its reports to the board of directors either directly or through the board's audit committee and is responsible to the board;</li> <li>- Has access to all company's activities; and</li> <li>- Be independent including being independent from the day-to-day company functioning. Its independence should be reinforced for example by having the board determine compensation of its staff.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ The company has outsourced its internal audit function to Deloitte who performs various internal audit reviews during the year and submits it reports to the BOD.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>
<p>➤ Are the employees of the audit function appointed by the board?</p>	<ul style="list-style-type: none"> <li>▪ The internal audit function shall include at least one internal auditor appointed by the board of directors. This internal auditor shall report to the board or the chief executive officer of the company, directly or through the audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>

Internal Audit Function	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Does the internal audit report contain all the relevant details?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The internal auditor shall submit to the audit committee and the board an “internal audit report” including a review and assessment of the internal control system of the company.</li> <li>▪ The scope of the internal audit report shall be agreed between the board (based on the audit committee recommendation) and the internal auditor and including particularly: <ul style="list-style-type: none"> <li>- Control and oversight procedures of financial affairs, investments, and risk management;</li> <li>- Comparative evaluation of the development of risk factors and the systems in place to respond to unexpected market changes;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Deloitte &amp; Touche has submitted the following reports to the BOD during 2009 refer to appendix – G for list of Internal audit reports issued: <ul style="list-style-type: none"> <li>- Motor Business Guide (Motor Underwriting/ Production and motor Claims); and</li> <li>- Information technology.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ None</li> </ul>
<ul style="list-style-type: none"> <li>➤ How often is the audit report prepared?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The internal audit report shall be prepared every three months.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Internal audit is performed as per the approved audit plan.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Is there an adequate system of internal control in place to mitigate the significant risks faced by the company to an acceptable level?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company should formally document the internal control system, and conduct periodic tests of its efficiency and effectiveness.</li> <li>▪ Internal audit staff should directly report to the board or audit committee.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Various operational policies have been devised and internal audit reviews them.</li> <li>▪ Internal audit reports directly to the BOD</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> <li>▪ None.</li> </ul>

#### iv. External Auditors

External Audit	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ How is the external auditor appointed? How many audits are performed?</li> </ul>	<ul style="list-style-type: none"> <li>▪ An external auditor who is independent, and qualified, and appointed upon the recommendation of the audit committee to the board and the decision of the company's general assembly, shall undertake an annual and semi-annual independent audit.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shareholders authorized the appointment of Ernst &amp; Young (E&amp;Y) as external auditors. During 2009, E&amp;Y performed two audits (an annual and semi-annual independent).</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Are the external auditors independent?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The external auditor shall comply with the highest professional standards and he shall not be contracted by the company to provide any advice or services other than carrying out the audit of the company. The external auditor must be completely independent from the company and its board members and shall not have any conflict of interests in his relation to the company.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ernst &amp; Young is the external auditor for the company and is considered as one of the big 4 firms with the high professional standards.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Do the external auditors attend the annual general meetings?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company's external auditor must attend the company's annual ordinary general assembly where he shall deliver his annual report and answer any queries in this respect.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Firas Kassous, who is the partner of external audit in Ernst &amp; Young, attends the annual general meetings.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li> </ul>
<ul style="list-style-type: none"> <li>➤ How often are the external auditors changed?</li> </ul>	<ul style="list-style-type: none"> <li>▪ A listed company shall change its external auditor every three years at a maximum.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ernst &amp; Young has been the external auditors for the company since 2006. (2009 was the 4<sup>th</sup> year). We have been informed that the auditors will be changed next year.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The external auditors were not changed after 3 years.</li> </ul>

## v. Shareholders

Shareholders	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Do the AOA and by-laws specify the procedures and precautions that are necessary for the shareholders' exercise of all their lawful rights?</li>   <li>➤ Does the company keep valid and up-to date records of shareholding? Do the shareholders have access to the shareholders register?</li>   <li>➤ Do the articles of association provide the details relating to the procedure of access of information by shareholders and other shareholders' rights?</li> </ul>	<ul style="list-style-type: none"> <li>▪ Shareholders shall have the right to review and access for free the company's shareholders' register at the company's regular office hour or as otherwise determined in the company's access to information procedures.</li>   <li>▪ The shareholder shall be entitled to obtain a copy of the following:               <ul style="list-style-type: none"> <li>- Shareholders' register;</li> <li>- Board members' register;</li> <li>- AOA and by-laws of the company;</li> <li>- Instruments creating a charge or right on the company's assets;</li> <li>- Related party contracts and any other document as the authority may decide upon payment of a prescribed fee.</li> </ul> </li>   <li>▪ The company shall include in its articles of association and by-laws procedures of access to information to ensure that shareholders rights of access to company documents and information in a timely manner and on a regular basis, are preserved.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Most of the information is available on the website such as audited financial statements, AOA and board members register. Shareholders' register can be accessed in the company.</li>   <li>▪ Not specifically covered in the AOA however most of the information is available on the website such as audited financial statements, AOA and board members register.</li>   <li>▪ Procedure of access to information for the shareholders is not specifically mentioned in the AOA or any other document.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li>   <li>▪ Rights not specifically covered in the AOA or any other document for instruments creating charges and related party contracts.</li>   <li>▪ None.</li> </ul>

Shareholders	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Does the company have a website? Does it provide all the necessary information?</li>   <li>➤ Does the AOA specifically provide the shareholders with the rights to call for general assembly and place items on agenda?</li>   <li>➤ Do all the shares of a class have similar rights attached to them?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The access to information procedures shall be clear and detailed and shall determine: <ul style="list-style-type: none"> <li>- the accessible company information including the types of information accessible on an on-going basis to individual shareholders or to shareholders representing a minimum percentage of the company's share capital, and</li> <li>- clear and express procedures to access such information</li> </ul> </li>   <li>▪ The company shall have a website where all relevant information and public information and disclosures must be posted. This includes all information that is required to be made public by this code and any related laws and regulations.</li>   <li>▪ The company's articles of association and by-laws shall include provisions ensuring effective shareholders' right to call for a general assembly and be convened in a timely manner; the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon.</li>   <li>▪ All shares of the same class shall have the same rights.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Most of the relevant information has been placed on the website of the company. However, the AOA does not specify the information that is accessible to the shareholders on an on-going basis. The procedure to access of information is also not expressly defined.</li>   <li>▪ The company has established a website and has made public some information relevant for the shareholders i.e. directors' details, senior management details, audited financial statements and vision/ mission statements.</li>   <li>▪ Article 50 of the AOA states that shareholders, who have value of 25% or more of the total value of the issued share capital, may request the board to call an EOGM and the requester has to prepare the agenda; however, it does not no. of days in which the meeting will take place.</li>   <li>▪ The company has only issued one class of shares with same rights, attached to each share.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Access to information process not clearly mentioned in AOA.</li>   <li>▪ None.</li>   <li>▪ None.</li>   <li>▪ None.</li> </ul>

Shareholders	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Do articles provide provision for receipt of candidature information of directors by the shareholders?</li>   <li>➤ Do the articles contain provisions relating to the protection of minority shareholders?</li>   <li>➤ Do the articles contain provisions relating to the trigger of a public offer or the exercise of tag along rights?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company's AOA should include provisions ensuring that shareholders are given information relating to board members' candidates including professional, technical skills, experience and other qualifications.</li>   <li>▪ Shareholders shall have the right to cast their votes for board member's election by cumulative voting.</li>   <li>▪ Companies should adopt in their AOA provisions for the protection of minority shareholders in the event of approval of major transactions where the said minority shareholders have voted against such major transactions.</li>   <li>▪ Companies should adopt in their AOA, a mechanism ensuring the trigger of a public offer or the exercise of tag along rights in the case of a change in ownership exceeding specific percentage. The shareholders should take into account shares held by third parties but under the control of the disclosing shareholder, including shares covered by shareholder agreements.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Details relating to directors candidate information is provided to shareholders.</li>   <li>▪ The AOA does not specifically mention cumulative voting method. However as per management all the meetings are supervised by Ministry of Commerce.</li>   <li>▪ Absence of any provision relating to minority protection in the AOA.</li>   <li>▪ Article 43 of the AOA states that no member may hold (directly or indirectly) shares comprising 5% or more of the issued share capital of the company.</li> </ul>	<ul style="list-style-type: none"> <li>▪ None.</li>   <li>▪ Cumulative voting method not specifically mentioned.</li>   <li>▪ Absence of a required provision.</li>   <li>▪ None.</li> </ul>

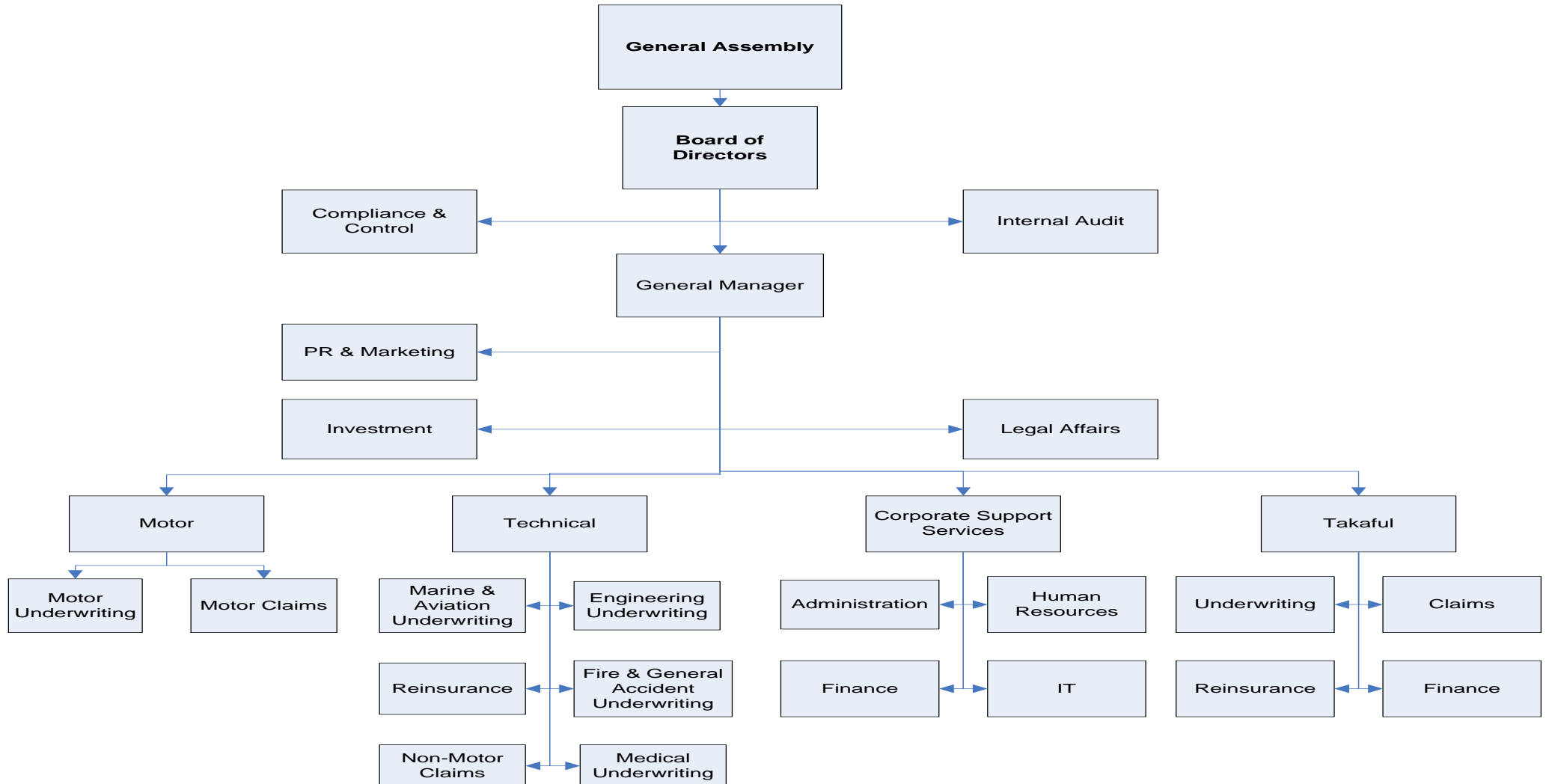


## Code of Conduct

Code of Conduct	QFMA Requirements	Current Structure	GAP
<ul style="list-style-type: none"> <li>➤ Has the company implemented a code of ethics / conduct as part of its corporate governance?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board should continually review and develop the code of conduct which reflects the company values and the other internal policies and procedures to be observed by the board members and the company employees and consultants</li> <li>▪ The code of conduct may include without being limited to the terms of reference of the board of directors, the terms of reference of the audit committee, the company regulations, the related parties policy and rules relating to insider trading.</li> <li>▪ The board should periodically review the code of conduct to ensure that it reflects the best practices and meets the company requirements.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There is no code of ethics/ conduct in the company.</li> <li>▪ N/A</li> <li>▪ N/A</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of code of ethics/ conduct.</li> <li>▪ N/A</li> <li>▪ N/A</li> </ul>
<ul style="list-style-type: none"> <li>➤ Does the company have effective whistle blowing arrangements?</li> </ul>	<ul style="list-style-type: none"> <li>▪ The board shall adopt a mechanism enabling company employees to report to the board suspicious behavior, where such behavior is unethical, illegal, or detrimental to the company. The board shall ensure that the employee addressing the board shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee's superiors.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The company does not have a documented and approved whistle blowing policy or process.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Absence of whistle blowing policy.</li> </ul>

# Appendix – A

## High Level Organizational Structure



# Appendix – B

## Board Composition

	Name of the member	Status with BOD	Designation	% of Shares Owned	Corporate Represented	% Owned by Corporation	Board Seats in Other Companies
1	Sh. Nawaf Bin Nasser Bin Khaled Al-Thani	Chairman	-	0.79	▪ None	N/A	▪ Al Salam International
2	Gen. Dahlan Jamaan Basheer Al-Hamad	Vice Chairman	-	0.01	▪ Investment portfolio of the Armed Forces	2.35	▪ None
3	Mr. Adel Ali Bin Ali	Member	Managing Director	0.39	▪ None	N/A	▪ Qatar National Navigation
4	Sh. Khalifa Bin Jassim Bin Mohammed Al-Thani	Member	-	0.08	▪ Arab Company for Construction Engineering	0.31	▪ None
5	Sh. Jaber Bin Hamad Al-Thani	Member	-	0.39	▪ None	N/A	▪ None
6	Mr. Victor Nazeem Reda Agha	Member	-	0.00	▪ Al Burook Trading Company	2.70	▪ Al Ahli Bank of Qatar
7	Sh. Ali Bin Nasser Bin Abdullah Al Ahmed Al-Thani	Member	-	0.10	▪ Nasir Bin Abdullah and Sons Co.	0.29	▪ None
8	Mr. Hassan Jassem Darwish Fakroo	Member	-	0.63	▪ None	N/A	▪ None
9	Mr. Saud Omar Al-Mana	Member	-	0.08	▪ Almana Group	0.20	▪ None
10	Mr. Hussam Abdul Salam Abu Issa	Member	-	0.48	▪ None	N/A	▪ Al Salam International
11	Mr. Hitmi Bin Ali Al-Hitmi	Member	-	0.00	▪ Ali Bin Khalifa Al Hitmi & Co.	0.39	▪ Barwa ▪ Qatar National Navigation

## Board Composition (Continued)

### Board Members

Sheikh Nawaf Bin Nasser Al- Thani		Role: Chairman
Date of Appointment	11 Mar 2009 (3rd term as chairman of the board)	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Executive	
Independent / Non-Independent	Independent	
Number of board meetings attended during the year 2009	Attended all 7 meetings	
Member of Investment / Real Estate committees	Investment Committee	
Board seats in other companies	AL Salam International	
Brief Background	<ul style="list-style-type: none"> <li>- Well known businessman with many businesses; and</li> <li>- Chairman of NBK &amp; Sons</li> </ul>	



Lt. General Dahlan Jamaan Al Hamad		Role: Vice Chairman
Date of Appointment	11 Mar 2009 (3rd term as vice chairman)	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent (Representing the Military Pension Fund)	
Number of board meetings attended during the year 2009	Attended 5 meetings	
Member of Investment / Real Estate committees	Investment Committee	
Board seats in other companies	None.	
Brief Background	<ul style="list-style-type: none"> <li>- President of Qatar Military Sports Association; and</li> <li>- Member of the World Federation of Athletics.</li> </ul>	



## Board Composition (Continued)

### Board Members


Mr. Adel Ali Bin Ali		Role: Managing Director
<b>Date of Appointment</b>	11 Mar 2009 (3rd term as Managing Director)	
<b>Terms (no. of years)</b>	3 Years	
<b>Date of Expiry of Terms</b>	With the AGM of 2012	
<b>Executive / Non-Executive</b>	Executive	
<b>Independent / Non-Independent</b>	Independent	
<b>Number of board meetings attended during the year 2009</b>	Attended 6 meetings	
<b>Member of Investment / Real Estate committees</b>	Investment & Real Estate Committees	
<b>Board seats in other companies</b>	Qatar National Navigation & Qatar Electricity	
<b>Brief Background</b>	<ul style="list-style-type: none"> <li>- Businessman, partner and owner in Ali Bin Ali and Sons; and</li> <li>- Owner of several commercial agencies in various economic fields.</li> </ul>	

Sheikh Khalifa Bin Jassem Mohamed Bin Jassem Al Thani		Role: Member
<b>Date of Appointment</b>	11 Mar 2009	
<b>Terms (no. of years)</b>	3 Years	
<b>Date of Expiry of Terms</b>	With the AGM of 2012	
<b>Executive / Non-Executive</b>	Non-Executive	
<b>Independent / Non-Independent</b>	Independent (Representing Arab Company for Construction Engineering).	
<b>Number of board meetings attended during the year 2009</b>	Attended all 7 meetings	
<b>Member of Investment / Real Estate committees</b>	Investment & Real Estate Committees	
<b>Board seats in other companies</b>	None.	
<b>Brief Background</b>	<ul style="list-style-type: none"> <li>- Owner and partner in the Arab Company for construction engineering; and</li> <li>- President of Chamber of Commerce and Industry</li> </ul>	

## Board Composition (Continued)

### Board Members

Sheikh Jaber Bin Hamad Bin Jassem Bin Jaber Al-Thani		Role: Member
Date of Appointment	11 Mar 2009	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent	
Number of board meetings attended during the year 2009	Attended 5 meetings	
Member of Investment / Real Estate committees	Investment & Real Estate Committees	
Board seats in other companies	None.	
Brief Background	<ul style="list-style-type: none"> <li>- Businessman; and</li> <li>- Owner of several companies covering various sectors of the economy</li> </ul>	

Mr. Victor Nazeem Agha		Role: Member
Date of Appointment	11 Mar 2009	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent ( Representing Al - Brooq Trading Company).	
Number of board meetings attended during the year 2009	Attended 5 meetings	
Member of Investment / Real Estate committees	None.	
Board seats in other companies	Al - Ahli Bank Of Qatar	
Brief Background	<ul style="list-style-type: none"> <li>- Businessman; and</li> <li>- Owner of a number of prominent businesses in the Qatar.</li> </ul>	

## Board Composition (Continued)

### Board Members

Shk. Ali Bin Nasser Bin Abdullah Al- Thani		Role: Member
Date of Appointment	11 Mar 2009	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent	
Number of board meetings attended during the year 2009	Attended 6 meetings	
Member of Investment / Real Estate committees	None.	
Board seats in other companies	None.	
Brief Background	<ul style="list-style-type: none"> <li>- Businessman; and</li> <li>- Owner and managing partner of Nasser bin Abdullah and Sons.</li> </ul>	

Mr. Hassan Jassem Darwish Fakhroo		Role: Member
Date of Appointment	11 Mar 2009	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent	
Number of board meetings attended during the year 2009	Attended all 7 meetings	
Member of Investment / Real Estate committees	None.	
Board seats in other companies	None.	
Brief Background	<ul style="list-style-type: none"> <li>- Businessman; and</li> <li>- Owner of Darwish Contracting Company.</li> </ul>	

## Board Composition (Continued)


### Board Members

Mr. Saud Omar Hamad Al- Mana		Role: Member
Date of Appointment	11 Mar 2009	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent	
Number of board meetings attended during the year 2009	Attended all 7 meetings	
Member of Investment / Real Estate committees	None.	
Board seats in other companies	None.	
Brief Background	<ul style="list-style-type: none"> <li>- Well known businessman; and</li> <li>- Partner of Almana Company.</li> </ul>	

Mr. Hussam A. Abu Essa		Role: Member
Date of Appointment	11 Mar 2009	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent	
Number of board meetings attended during the year 2009	Attended 6 meetings	
Member of Investment / Real Estate committees	Investment & Real Estate	
Board seats in other companies	AL Salam International	
Brief Background	<ul style="list-style-type: none"> <li>- Businessman; and</li> <li>- Managing Director of Salam International Company.</li> </ul>	

## Board Details (Continued)

### Board Members

Mr. Hitmi Bin Ali Al- Hitmi		Role: Member
Date of Appointment	11 Mar 2009	
Terms (no. of years)	3 Years	
Date of Expiry of Terms	With the AGM of 2012	
Executive / Non-Executive	Non-Executive	
Independent / Non-Independent	Independent	
Number of board meetings attended during the year 2009	Attended 5 meetings	
Member of Investment / Real Estate committees	Investment & Real Estate	
Board seats in other companies	Barwa - Qatar National Navigation	
Brief Background	<ul style="list-style-type: none"><li>- Well known businessman;</li><li>- Partner and owner in Hitmi bin Ali Hitmi company; and</li><li>- Member of the board of directors of Qatar Navigation and Barwa.</li></ul>	

# Appendix – C

## Detail of Committees

The company has established the following two board sub-committees, the company does not have approved terms of references for these committees:

- I. Investment committee; and
- II. Real estate committee.

### I. Investment Committee

Investment committee is a committee of the BOD for the purpose of monitoring, reviewing and approving the company's investment activities, following are the members of the committee:

	Status	Name	Status with the Board
1.	Chairman	Sh. Nawaf Bin Nasser Bin Khaled Al-Thani	Non-executive director
2.	Vice Chairman	Gen. Dahlan Jamaan Basheer Al-Hamad	Non-executive director
3.	Managing Director	Mr. Adel Ali Bin Ali	Executive director
4.	Member	Sh. Khalifa Bin Jassim Bin Mohammed Al-Thani	Non-executive director
5.	Member	Sh. Jaber Bin Hamad Al-Thani	Non-executive director
6.	Member	Mr. Hussam Abdul Salam Abu Issa	Non-executive director
7.	Member	Mr. Hitmi Bin Ali Al-Hitmi	Non-executive director

### II. Real Estate Committee

Real estate committee is a committee of the BOD for the purpose of evaluating, reviewing and approving the real state activities of the company such as purchasing, selling or renting, following are the members:

#### Members of the committee

	Status	Name	Status with the Board
1.	Managing Director	Mr. Adel Ali Bin Ali	Executive director
2.	Member	Sh. Khalifa Bin Jassim Bin Mohammed Al-Thani	Non-executive director
3.	Member	Sh. Jaber Bin Hamad Al-Thani	Non-executive director
4.	Member	Mr. Hussam Abdul Salam Abu Issa	Non-executive director
5.	Member	Mr. Hitmi Bin Ali Al-Hitmi	Non-executive director

# Appendix – D

## Details of Board and General Assembly Meetings Held During 2009

### Board Meetings

No.	Nature of Meeting	Date of Meeting	Date of sending the Agenda
1.	Board Meeting	21 Jan 2009	04 Jan 2009
2.	Board Meeting	11 Mar 2009	11 Mar 2009
3.	Board Meeting	19 Apr 2009	14 Apr 2009
4.	Board Meeting	15 Jun 2009	03 Jun 2009
5.	Board Meeting	29 Jul 2009	09 Jul 2009
6.	Board Meeting	01 Sep 2009	27 Aug 2009
7.	Board Meeting	18 Oct 2009	30 Sep 2009

### General Assembly Meetings

No.	Nature of Meeting	Date of Meeting
1.	Annual General Assembly Meeting	11 Mar 2009

# Appendix – E

## Details Relating to Senior Staff

### Appointment of Executives

No.	Name	Department / Function	Date of Joining
1.	Waled Adel Alkufash	AGM - Motor Affairs	01 Oct 2000
2.	Mahmoud Mohammad Alnasir	AGM - Technical Affairs	20 Oct 2000
3.	Samer Ahmad Qawas	Sr. Manager – Legal & Motor Claims	01 Jan 2001
4.	Hasan Matar Al-swedi	Sr. Manager, Board Member & Foreign Affairs	21 Jun 2001
5.	Ramanathan Nagakrishna	Manager – Fire & General Accident	01 Sep 2003
6.	Mobark Baddah Alhajri	Sr. Manager – HR, Admin & Foreign Affairs	30 Oct 2008
7.	Osama Rayyan	Sr. Mngr – Government & Major Accounts	01 Feb 2010

### Resignation of executives

No.	Name	Department / Function	Date of Leaving
1.	Anwar Hamdi Al-addasi	Manager – Finance & Admin	30 Sep 08

# Appendix – F

## List of Reports Reviewed by the Board During 2009 - 2010

أهم المواضيع التي تم مناقشتها خلاله	محضر الاجتماع
<ul style="list-style-type: none"> <li>- تقرير المدير العام حول نشاط الشركة للسنة المالية المنتهية في 31/12/2008</li> <li>- مناقشة وإقرار ميزانية الشركة للسنة المالية المنتهية في 31/12/2008</li> <li>- مقترحات توزيع الأرباح على المساهمين وتوزيع المكافآت .</li> </ul>	<p>الاجتماع السابع والأربعين رقم (2009/01)</p>
<ul style="list-style-type: none"> <li>- انتخاب رئيس مجلس إدارة +نائب الرئيس + العضو المنتدب لمجلس إدارة جديد لولاية ثالثة (2009-2011) .</li> </ul>	<p>الاجتماع الثامن والأربعين رقم (2009/02)</p>
<ul style="list-style-type: none"> <li>- سماع تقرير مدير عام الشركة حول نشاط الشركة وتطورات سير العمل فيها خلال الربع الأول من العام 2009 .</li> <li>- المصادقة على ميزانية الشركة وحساب الأرباح والخسائر عن الربع الأول من السنة المالية 2009 .</li> <li>- انجاز عقد التأسيس والنظام الأساسي للشركة اليمنية القطرية المزمع تأسيسها في اليمن وسعي المدير العام لتوفير المسؤول الفني المناسب لها .</li> </ul>	<p>الاجتماع التاسع والأربعين رقم (2009/03)</p>
<ul style="list-style-type: none"> <li>- سماع تقرير المدير العام الشركة حول نشاط الشركة وتطورات سير العمل فيها ونتائج الاكتتاب في أقسط التأمين المختلفة مقارنة بالعام 2008 .</li> <li>- مناقشة آخر مستجدات محفظة استثمارات الشركة وتطوراتها .</li> </ul>	<p>الاجتماع الخمسون رقم (2009/04)</p>
<ul style="list-style-type: none"> <li>- مناقشة واعتماد البيانات المالية النصف سنوية للعام 2009</li> <li>- وذلك حسب تصنيف مؤسسة التصنيف العالمية +BBB إلى درجة Stable BBBرفع التصنيف الائتماني للشركة من درجة ستاندرد أند بور .</li> </ul>	<p>الاجتماع الواحد والخمسون رقم (2009/05)</p>
<ul style="list-style-type: none"> <li>- سماع تقرير المدير العام للشركة حول نشاط الشركة وتطورات سير العمل فيها ونتائج الميزانية العمومية للشركة مقارنة بالعام 2008 .</li> <li>- مناقشة آخر مستجدات محفظة استثمارات الشركة وتطوراتها حيث اتخذ مجلس إدارة الشركة قراراً بالإجماع ببيع أسهم الشركة المخصصة للمتاجرة ( لزيادة صافي ربح الشركة في ميزانية نهاية سنة 2009. Trading Stock).</li> </ul>	<p>الاجتماع الثاني والخمسون رقم (2009/06)</p>
<ul style="list-style-type: none"> <li>- سماع تقرير مدير عام الشركة حول نشاط الشركة ونتائج الشركة المتحققة خلال الربع الثالث من السنة المالية 2009</li> <li>- مناقشة واعتماد البيانات المالية وبيان الأرباح والخسائر عن الفترة المنتهية في 2009/09/30 .</li> <li>- نتائج محفظة استثمارات الشركة في الصناديق الاستثمارية والأسهم المتاحة للبيع +مقترح المدير العام بشأن المساهمة في " الياباتي .Samenaالمشروع الاستثماري :اساس" التابع لشركة أبراج كابيتال + المساهمة في صندوق "</li> </ul>	<p>الاجتماع الثالث والخمسون رقم (2009/07)</p>

# Appendix – G

## List of Internal Audit Reports Issued During the Year

No.	Internal audit report – Areas Covered	Date of Issue
1.	Internal Audit “Motor Insurance”	May 2009
2.	Internal Audit “Information Technology”	May 2009
3.	Internal Audit follow up report for Information Technology	Nov 2009
4.	Internal Audit follow up report for Motor Insurance	Dec 2009

The company has outsourced its internal audit department to Deloitte & Touche. Deloitte performed the above mentioned audits according to the agreed audit plan and submitted its reports to the BOD and the GM.

# Appendix – H

## List of Policies and Procedures

No.	Policy Name	Date of Approval by BOD
1.	Motor – claims policy	Not yet approved by the board.
2.	Motor – underwriting policy	Not yet approved by the board.
3.	IT policy	Not yet approved by the board.
4.	AML policy	Not yet approved by the board.
5.	Compliance manual	Not yet approved by the board.
6.	Staff loan policy	Not yet approved by the board.
7.	List of personnel booklet	Not yet approved by the board.
8.	Internal controls booklet	Not yet approved by the board.

The company has prepared and implemented the above mentioned policy documents, however the above mentioned policies have not yet been formally approved by the board of directors.