

CORPORATE GOVERNANCE REPORT

MANNAI CORPORATION QSC

1. Introduction:

- With reference to the Corporate Governance Code for companies listed in markets regulated by the Qatar Financial Markets Authority, issued on January 27, 2009 (**hereinafter referred to as “Code”**); and
- With reference to the provisions of Article 31(3) of the Code, which provides that the Code shall come into force after issuance by the Qatar Financial Markets Authority (**hereinafter referred to as “QFMA”**) and publication in the Official Gazette, and whereas the Code was issued and published in the Official Gazette on June 25, 2009, and has come to effect; and
- With reference to the provisions of Article 2(1) of the Code which provides for the application of the provisions of the Code to all companies listed on any market regulated by the QFMA; and
- With reference to the provisions of Article 2(2) and Article 30 of the Code, which require the companies listed in markets regulated by the QFMA to prepare an annual Corporate Governance report, to be signed by the Chairman of the Board of Directors, that includes all information related to implementation of the provisions of the Code and the Board of Directors’ assessment of the Company’s compliance with the provisions mentioned in the Code or explain the reason(s) for non-compliance with these provisions, and submitting this report to the QFMA; and
- With reference to the letter issued by the QFMA, Ref. No. QF/MA/015/02/2010, dated February 21, 2010, which refers to submitting the Corporate Governance Report to QFMA, latest by the end of August, 2010; and
- With reference to the letter issued by the QFMA, Ref. No. QF/MA/098/07/2010, dated July 28, 2010, which includes more clarification on writing the Corporate Governance Report and its contents; **THEREFORE**
- The Board of Directors of Mannai Corporation (**hereinafter referred to as “Board of Directors”**) has prepared this Corporate Governance Report of Mannai Corporation (**hereinafter referred to as “Company”**), guided by the provisions of the Code, the related laws and regulations, circulars issued by QFMA, Company’s Articles of Association, sound Corporate Governance practices, the Management’s sound applications, and Corporate Governance standards. Through this Corporate

Governance Report, the Company will keep the shareholders, stakeholders and public abreast of all its policies and practices in order to enable them to assess abidance of the Company by the Code and Corporate Governance principles in general, according to the provisions of Article 2(2) of the Code.

2. Preamble:

Whereas the Board of Directors has complete and absolute belief that the sound application of Corporate Governance rules and procedures leads to achievement of high and continuous growth, quality and excellence in performance, and also results in increased trust in the company and aims to protect the interests of minorities and small shareholders, in addition to generating profits and providing job opportunities, reducing risk, and increasing performance competency and accountability.

Hence, the Board of Directors appreciated the importance of the principles of Corporate Governance and recognized the importance of its application (even before issuance of the Code), as it was mentioned in the Report of the Board of Directors for the year 2007, under the title- Summary of 2007, and the way ahead: ***"... expansion of the Board of Directors and strengthening Corporate Governance in the Company."***

In the first General Assembly –after the Code came into effect– held on February 17, 2010, the Chairman of the Board of Directors addressed the shareholders, stating that:

"In 2009, the QFMA issued a 'Corporate Governance Code for the Companies Listed in Markets Regulated by the QFMA'. Accordingly the Board has begun revising its existing Corporate Governance procedures to accommodate the new Code. The membership of our Audit and Remuneration Committees has been revised to achieve the required composition of Independent and Non-Executive Directors. In addition a Nomination Committee and a Corporate Governance Committee have been established. Our proposed Dividend Policy and Remuneration Policy will be submitted to the General Assembly as required by the Code. Following the General Assembly, details of our Corporate Governance policies and the Terms of Reference of our Board Committees will be published in the Company's Annual Report and on our website."

The Board of Directors of the Company called to begin the structuring of its corporate governance procedures in line with the principles of the Code. The Board of Directors adopted certain procedures that would strengthen the role of Corporate Governance in the Company, and in accordance with the provisions of Article 5(3) and Article 30(1) of the Code, the Board of Directors formed a Corporate Governance Committee comprising of two Directors, Mr. Keith John Higley and Mr. Said Adnan Abu Odeh, believing in the importance of Corporate Governance and so that the Board of Directors ensures the company's

commitment to the principles provided for in the Code according to the provisions of Article 3(1) of the Code.

On December 3, 2009, the Board of Directors approved the Terms of Reference of the Corporate Governance Committee, where the committee was assigned to enable the Board of Directors, through good Corporate Governance, to add value to the company and its reputation among its shareholders, related parties and stakeholders, and to ensure the Directors' understanding of their roles in Corporate Governance process according to the provisions of Article 14(5) of the Code, and to ensure that the Board complies with relevant laws, regulations and codes of practice in accordance with the provisions of Article 5(2/2) of the Code. Also, the committee was assigned to meet with the Qatar Exchange, QFMA and Company lawyers for expert guidance on areas of compliance. The Terms of Reference of the committee stated that: ***"The Committee should meet at least three times a year and more regularly in the first twelve months of the introduction of the QFMA Corporate Governance Code requirements."*** (Annexure 1: Terms of Reference - Corporate Governance Committee). The committee will propose mechanisms for implementation and application of Corporate Governance system and spread the understanding of the Corporate Governance and its goals in the various departments of the Company.

The committee briefed the Board of Directors on the provisions mentioned in the Code, the philosophies on which the same were based and the circulars that were issued by the QFMA in this regard.

The committee also held various meetings with some officials from the QFMA and legal advisers of the company to reach at the best methods for applications and practices of Corporate Governance.

3. Company's philosophy on Corporate Governance

Corporate Governance means the following to the Board of Directors:

- 1) Method by which the company practices its power to manage all its assets, and human and physical resources,
- 2) Management's appreciation of the shareholders' rights in their capacity as the owners of the company,
- 3) Compliance with the rules, procedures, values, and moral and professional behaviors in practice of management and business, and taking sound decisions regarding the affairs of the company,
- 4) Distribution of the rights and responsibilities between the different stakeholders and related parties in the company.

In light of this sound jurisprudence and wisdom, the Board of Directors believes in the sound application of Corporate Governance and continuous development of Corporate Governance practices to suit the changing requirements and commitment to review the Corporate Governance practices in a constant manner. The Board of Directors strongly believes in following the fundamental values of Corporate Governance in managing the company, which are discipline, transparency, disclosure, independency, accountability, responsibility, fairness, social responsibility and accuracy in financial statements. The Board of Directors also tries to concentrate on the pillars of Corporate Governance, which are moral behavior, strengthening roles of stakeholders and related parties and risk management.

Moreover, the Board of Directors fully realizes that implementation of Corporate Governance in the company in a correct way does not mean mere respect of a group of rules and provisions, but it is also a culture and method in controlling the relationship between the shareholders, Board of Directors, Senior Executive Management, employees, and everyone dealing with the company, so that the shareholders ensure that the Management makes right use of their property to optimize profitability and achieve effective control. All this reflects in what is called "The Mannai Way." (**Annexure 2: The Mannai Way**). It was mentioned in the Company's Annual Report for 2009: "***The Company is committed to having a high level of corporate governance practices and procedures in a way which maintains the company's standards and enhances shareholder value.***"

4. Board Charter

As required in the provisions of Article (4) of the Code, the Board of Directors has adopted a "Board Charter" which is attached hereto (**Annexure 3: Board Charter**).

5. Board of Directors:

(1) Mission and responsibilities of the Board of Directors:

In compliance with the provisions of Article 5 of the Code, the provisions of Articles 26, 30 and 31 of the Company's Articles of Association provide that the Board of Directors is assigned with the responsibility of managing and supervising the company. It has the broadest scope of authorities for the same and shall be entitled to assume all activities required for such management in accordance with the law, the Company's Articles of Association, and resolutions of the General Assembly, in addition to appointing the senior executive management. Moreover, the Board of Directors may sometimes delegate some of its functions to undertake specific operations and constitute special committees, and in this event, the Board remains liable for the functions it has delegated. Also, according to the Terms of Reference of the Nomination Committee, the

Nomination Committee is authorized to review management development programmes and the succession planning process for the executive management group and other senior management prepared by the CEO.

(2) Duties of the Chairman of the Board of Directors:

The Chairman of the Board of Directors is the head of the company and shall represent it before third parties, and his signature shall be held as signature of the Board of Directors in the Company's relations with third parties, and he shall execute resolutions of the Board as provided for in Article 28 of the Company's Articles of Association. The Chairman is responsible for ensuring the proper functioning of the Board, and has the right to call for Board meetings in accordance with provisions of Article 32 of the Company's Articles of Association ensuring the discussion of all important points, approving the agenda of every meeting of the Board of Directors, promoting constructive relations between all the Board members, encouraging Board members to effectively participate in dealing with the affairs of the Board of Directors, and facilitating timely receipt of complete and accurate information by Board members. In compliance with the provisions of Article 8(2) of the Code, the Chairman is not a member in any of the committees of the Board of Directors.

(3) Board of Directors' Fiduciary Duties:

In compliance with the provisions of Article 6(1) of the Code, each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the laws and regulations. The Board of Directors constantly invite, in accordance with provisions of Article 36 of the Company's Articles of Association, some of the Company's senior executive managers, employees or other experts to attend the Board meetings in order to provide some information or explanations to enable the Board of Directors to act effectively to fulfill their responsibilities towards the Company on the basis of clear and sufficient information, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders, in compliance with the provisions of Articles 6(2) and 6(3) of the Code.

(4) Board composition:

- a. Nominations and appointments of Board Members are made in the Ordinary General Assembly of shareholders according to formal, rigorous and transparent procedures in the presence of representatives of Ministry of Business and Trade in accordance with the provisions of Article 50 of the Company's Articles of Association, and in the presence of representatives of Qatar Exchange. The current Board of Directors constitutes of eight members, elected by the Company's shareholders in the General Assembly on February 17, 2010, for a period of three years in accordance with the laws and provisions of the Company's Articles of Association. It

was taken into consideration that the Board Members have adequate expertise and knowledge to effectively perform their functions in the Company and give sufficient time and attention to their roles in accordance with the provisions of Article 9(3) of the Code. Attached is a detailed list with names, categories and responsibilities of each of the Board members in accordance with the provisions of Article 30(3) of the Code (**Annexure 4**) and résumés of each of them in accordance with the provisions of Article 20(1) of the Code (**Annexure 5**).

- b. In compliance with the provisions of Article 9(2) of the Code, the current Board of Directors composition includes executive, non-executive and independent members. More than one-third of the Board members are independent and majority are non-executive members as per the attached list (**Annexure 4**).
- c. In compliance with the provisions of Article 7(1) of the Code, the positions of the Chairman of the Board and Chief Executive Officer are not held by the same person, and there is distinction between both positions, as HE Sheikh Hamad Bin Abdullah Bin Khalifa Al Thani holds the post of Chairman of the Board of Directors, and Mr. Alekh Singh Grewal holds the post of Chief Executive Officer. This complete distinction between the two posts clearly divides the responsibilities between the posts, as the Chairman of the Board of Directors manages the Board, and the Chief Executive Officer manages the business of the company as he shoulders the responsibility of executive leadership and daily management of the Company, and he is assisted by the Management Team in-charge of application of the strategies of the Board of Directors and controlling the daily operations of the company.

No one person in the Company has unfettered powers to take decisions in accordance with the provisions of Article 7(2) of the Code. This is clear from the Board composition, which includes executive, non-executive, and independent members in accordance with the provisions of Article 9(1) of the Code.

- d. According to the provisions of Article 32(1) of the Company's Articles of Association, the number of Board meetings shall not be less than six meetings in a fiscal year in compliance with the provisions of Article 11(1) of the Code. The Board of Directors held six meetings during 2009 on the following dates: 11/02/2009, 29/04/2009, 11/06/2009, 04/08/2009, 19/10/2009, and 03/12/2009. After the Code came into force, the Board of Directors held seven meetings on the following dates: 04/08/2009, 19/10/2009, 03/12/2009, 07/01/2010, 02/02/2010, 20/04/2010, and 13/06/2010.
- e. In accordance with the provisions of Article 32 of the Company's Articles of Association, the Board shall meet upon an invitation of its Chairman or at least two Board Members in compliance with provisions of Article 11(2) of the Code. The invitation for the Board meeting and agenda shall be communicated to each Board Member, noting that any Board Member may add any item to the agenda.

- f. In compliance with the provisions of Article 12 of the Code and according to the provisions of Article 32(5) of Company's Articles of Association, a Secretary has been appointed for the Board of Directors, whose functions include recording and safekeeping the minutes of all the Board meetings, and ensuring that the Board members have access to all the meeting minutes, information, documents and records of the company.

(5) Non-executive Directors:

As we have mentioned earlier, majority of the Board of Directors are non-executive directors in accordance with the provisions of Article 9(2) of the Code, and their main duties are:

- a. Participating effectively in the meetings of the Board of Directors and providing independent opinion in particular on strategic matters, evaluating Company performance, key appointments such as appointment of Chief Executive Officer in accordance with the provisions of Article 31 of the Company's Articles of Association.
- b. Participating in the Company's Audit Committee, as most of the committee members are non-executive independent directors.
- c. Monitoring the Company's performance and reviewing its annual, half annual and quarterly financial reports.
- d. Participating in the Company's Corporate Governance Committee, as all the committee members are non-executive directors, and according to its Terms of Reference, it is assigned to supervise development of the procedural rules for the Company's corporate governance according to the provisions of Article 10(1/5) of the Code.
- e. Participating in the various committees of the Board of Directors such as the Remuneration Committee and Nomination Committee, attending the meetings of the Board of Directors and participating effectively in the General Assemblies of shareholders according to the provisions of Article 40 of the Company's Articles of Association and in compliance with provisions of Article 10(1/6) of the Code.
- f. Seeking opinion of expert independent consultants according to the provisions of Article 36 of the Company's Articles of Association and in compliance with provisions of Article 10(2) of the Code.

(6) Other Board Functions & Duties:

In compliance with provisions of Article (14) of the Code, we would like to point out to the following:

- a. Directors have absolute access to all necessary information and documents relating to the company, and the Board Secretary, in accordance with provisions of Article 12/2 of the Code, always ensures that the Directors have access to such information and documents.
- b. Members of the various committees, the Internal Auditor, and External Auditor always attend General Assembly meetings and the External Auditor signs the assembly minutes in accordance with provisions of Article (134) of the Commercial Companies Law of 2002.
- c. In accordance with provisions of Article 14(4) of the Code, the Board of Directors from time to time provides training courses for Directors in order to enhance their skills and professional knowledge. The Company not only provide such courses to Directors, but also to members of the Senior Executive Management team.
- d. In accordance with provisions of Article 14(5) of the Code, the Corporate Governance Committee at all times keeps Directors updated about the latest developments in the area of Corporate Governance. The Terms of Reference of the Corporate Governance Committee, which has been approved by the Board of Directors, provides **“Accordingly, the Board has decided to establish a Corporate Governance Committee comprised of two Board Members to keep the Board updated in its Corporate Governance responsibilities and best practice”**.
- e. In accordance with provisions of Article 14 (6) of the Code, Article (33) of the Articles of Association of the Company contains rules governing Directors’ unauthorized absence from Board meetings.

(7) Conflict of Interests and Insider Trading

- a. The company has adopted and announced the rules relating to the Company’s entering into any commercial transaction with a Related party, to ensure that all transactions that involve potential related parties or conflicts of interest are determined on a fair, reasonable and consistent basis. According to the provisions of Article 35(3) of the Company’s Articles of Association, the Board of Directors shall put at the disposal of shareholders, before holding the General Assembly, the operations in which the Chairman or a Board member or a manager may have

interests in conflict with Company interests. **(Annexure 6: Summary of Related Party Transactions Policy)**

- b. The company has adopted and announced the rules relating to transactions of the insider traders and to prevent leak of any internal information which were not published to all shareholders, and these rules cover Board of Directors, Senior Executive Management, managers and all employees of the company, and the families of those persons. The purpose of this is to:
1. Maintain equality between all shareholders in receipt of internal information of the company.
 2. Raise the transparency and disclosure level and increasing the shareholders' trust in the company.
 3. Avoid any suspicion on the insider traders benefiting personal gains from use of internal information. The policies concerning transactions of insider traders, related parties transactions are published on the Company's website on the internet. **(Annexure 7: Summary of Insider Trading Policy).**

A summary of the related party transactions and insider trading policies have been published on the Company's website.

(8) Method of setting remuneration of members of the Board of Directors and Senior Executive Management:

The remuneration of the members of the Board of Directors shall be set by the shareholders in the Ordinary General Assembly of the company according to the provisions of Article 129 of the Commercial Companies Law No. 5 of 2002 and according to the provisions of Article 37 of the Company's Articles of Association. The total of Board of Directors remuneration shall not be estimated at more than 10% of the net profit after deduction of depreciation, reserves and for allotment of proceeds of not less than 5% of the share capital among shareholders.

On the other hand, the policy of determining remuneration of the Board of Directors and the senior executive management takes into 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. It is noteworthy that the Remuneration Policy shall be presented to the shareholders in the Annual General Assembly for approval and will be made public.

In addition, the provisions of Article 35(1) of the Company's Articles of Association require the Board of Directors to put at the disposal of shareholders and before holding the General Assembly all the amounts received by the Chairman and members of the

Board of Directors of the Company during the fiscal year, including wages, charges, salaries, and consideration of attending Board meetings, and sundry expenses, in addition to amounts received by each of them as a technical or administrative employee or in consideration of any technical or administrative or consultative work performed to the company.

The remuneration of the present members of the Board of Directors was set in the Company's Ordinary General Assembly held on February 17, 2010, and the remunerations were summarized in the Company's financial statements for the fiscal year ending December 31, 2009.

(9) Committees of the Board of Directors:

While most of the important affairs are discussed in the Board of Directors, the Board of Directors, in accordance with the provisions of Article 5(3) of the Code, has formed a number of committees that are assigned with some responsibilities and support the Board of Directors in performing its functions in the best way.

These committees were formed as follows:

a. Corporate Governance Committee:

This committee was referred to in the beginning of this report in the Preamble. We add here that the committee performs review of the Company's Corporate Governance system and update the Board with the developments in this regard and presenting recommendations to the Board of Directors. For more details, see Annexure 1.

b. Remuneration Committee:

In accordance with the provisions of Article 16 of the Code, the Committee of Remuneration was formed and consisted of the following non-executive and independent Board members:

1. Sheikh Suhaim Bin Abdullah Bin Khalifa Al Thani, Chairman
2. Mr. Mohammed Ali Mohammed Khamees Al Kubaisi, Member
3. Mr. Keith John Higley, Member

The Board of Directors adopted and published the Terms of Reference of the Committee which clarified its role and basic responsibilities in accordance with the provisions of the Code. This committee shall draw the Remuneration principles and policies of the Company, including remuneration of the Board of Directors and Senior Executive Management, and present it to the Board for approval. **(Annexure 8: Terms of Reference, Remuneration Committee).**

The remuneration policies and principles was presented before the shareholders in the General Assembly held on February 17, 2010, and it was approved and published in the Company's Annual Report for the year 2009, and announced on the Company website according to the provisions of Article 16(4) of the Code.

c. Nomination Committee:

In accordance with the provisions of Article 15(2) of the Code, the Committee of Nomination was formed and consisted of the following independent Board members:

1. Sheikh Suhaim Bin Abdullah Bin Khalifa Al Thani, Chairman
2. Mr. Mohammed Ali Mohammed Khamees Al Kubaisi, Member
3. Mr. Ali Yousuf Kamal, Member

The Board of Directors adopted and published the Terms of Reference of the Committee in accordance with the provisions of Article 15(4) of the Code. The main role of the Nominations Committee is to ensure that nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures in accordance with the provisions of Article 15(1) of the Code, and to conduct an annual self-assessment of the Board's performance in accordance with the provisions of Article 15(5) of the Code. The committee sets principles for selection and nominations to the Board of Directors in compliance with the provisions of Article 15(3) of the Code. **(Annexure 9: Terms of Reference, Nomination Committee).**

d. Audit Committee:

In accordance with the provisions of Article 17(1) of the Code, the Committee of Audit was formed and consisted of a majority of independent Board members:

1. Sheikh Suhaim Bin Abdullah Bin Khalifa Al Thani, Chairman
2. Mr. Mohammed Ali Mohammed Khamees Al Kubaisi, Member
3. Mr. Ali Yousuf Kamal, Member
4. Mr. Alekh Grewal, Member

This committee does not include any person who is or has been employed by the company's external auditors as per the provisions of Article 17(2) of the Code. The Board of Directors adopted and published the Terms of Reference of the Committee in accordance with the provisions of Article 17(6) of the Code. The Terms of Reference of the Committee explain its main roles and basic responsibilities in its Audit Committee Charter. It is noteworthy that the Charter includes all the provisions of aforementioned Article 17(6) of the Code. All of this was disclosed in the Annual Report of the Company. The Committee meets every three months and keeps minutes of its meetings. **(Annexure10: Terms of Reference, Audit Committee).**

6. Internal Control and Risk Management

The Board of Directors is responsible for the company's internal control, the overall aim of which is to safeguard the company's assets and thereby its shareholders' investment. The Board of Directors recognizes the importance of keeping investors aware on various risks and proposing more procedures by which these risks could be managed. In this regard, and in accordance with the provisions of Article 30 of the Code, we can mention the following:

- (1) The Company's compliance with all the provisions of the Code, relevant laws and regulations, and the Company's Articles of Association, as Article 30 of the Company's Articles of Association provides that the Board of Directors' authority to manage the company is not restricted except by provisions of the law or the Company's Articles of Association or resolutions of the General Assembly.
- (2) The executive committee regularly reviews and updates the professional conduct rules setting forth the Company's corporate values and other internal policies and procedures that should be complied in accordance with the provisions of Article 3(2) of the Code. These rules include Employee Manual, Audit Committee Charter, Company Regulations, Related Party Transactions Policy, Insider Trading Policy, and other circulars issued by the Senior Executive Management from time to time.
- (3) The Company adopted an Internal Control System to assess the methods and processes relating to risk management. The Company's framework for internal control is made up of five components: control environment, risk assessment, control activities, information and communication, and monitoring.
- (4) The company integrates the principles of problem identification and continuous improvement into its business operation process and makes continuous efforts to train employees who will put these principles into practice.
- (5) The Internal Control Systems has set clear lines of responsibility, accountability and audit throughout the Company's departments and divisions.
- (6) Internal control has been developed under following policies:
 - a) Systems to ensure that the Management executes their responsibilities in compliance with relevant laws and regulations and the Company's Articles of Association;
 - b) Rules and systems related to the management of risk of loss;
 - c) Systems to ensure that employees conduct business in compliance with relevant laws and regulations (including Corporate Governance Code) and articles of association;
 - d) Systems to ensure appropriateness of business operations;
 - e) Systems to ensure that all transactions that involve potential related parties or conflicts of interest are determined on a fair, reasonable and consistent basis.

The Company has established a number of control processes relating to conflict of interest between the Company and related parties.

- (7) The Senior Executive Management continuously evaluates the adequacy of its systems, processes and controls to ensure that the deviations and risk is minimized.
- (8) The general risk policy and the basic principles underpinning it are implemented by means of a comprehensive risk control and management system based upon a proper definition and allocation of functions and responsibilities at the operating level and upon supporting procedures, methodologies and tools, suitable for the various stages and activities within the system. The risk factors to which the Company is subject are set forth generally below:
 - a) **Corporate governance risks:** regarding verification that compliance with the good corporate governance rules established by the Company through its monitoring of the Corporate Governance Process is crucial to adequately safeguarding the interests of the Company and those of all its shareholders.
 - b) **Market risks:** exposure of the Group's results of operations to fluctuations in prices and market variable prices of financial assets, among others.
 - c) **Credit risks:** possibility that a counter party fails to perform its contractual obligations, thus causing an economic or financial loss to the Group.
 - d) **Business risks:** uncertainty as to the behavior of key variables inherent in the business.
 - e) **Regulatory risks:** resulting from regulatory changes made by the various regulators.
 - f) **Operational risks:** direct or indirect financial losses caused by inadequate internal processes, technological failures, human error, or as a consequence of external events.
 - g) **Reputational risks:** potential negative impact on the Company's value resulting from business performance not living up to the expectations created among various stakeholders.
- (9) The Internal Auditor periodically submits a report to the Audit Committee, which includes a review and assessment of the Internal Control system of the Company. The Report covers all what is provided for in the Article 18(5) of the Code. It is noteworthy that the Internal Auditor has access to all documents to review all aspects and activities of Internal Control, and to carry out comprehensive audits of practices, procedures and internal controls of all business and support units and subsidiaries on regular basis.
- (10) The Audit Committee and the Senior Executive Committee study all important and extraordinary items contained in the reports prepared by the internal and external auditors by taking appropriate decisions and to conduct continuous assessment of

the information submitted by the Audit Committee or the External Auditor, so that the Internal Control system is implemented effectively and correctly.

7. External Auditor

The External Auditor is appointed by the General Assembly upon recommendation of the Board of Directors. During the General Assembly meeting held on February 26, 2009, the shareholders appointed M/s. Deloitte and Touche as the external auditor for the financial year of 2009. M/s. Deloitte and Touche are qualified and independent of the Company and the Board of Directors.

The External Auditor also carries out independent annual audit and semi-annual review aimed at ensuring that the financial statements are prepared in accordance with the international standards. The half-annual financial statements were issued on August 4, 2009 and the annual financial statements were issued on February 2, 2010. All the financial reports are published in Arabic and English newspapers. The shareholders and public may also log on the Company's website for the financial results and other related information.

The External Auditor attends the Company's annual ordinary General Assembly and answers any queries raised by the shareholders.

The External Auditor owes a duty to the Company to exercise due professional care in the conduct of the audit. As the company was listed on Qatar Exchange on August 8, 2007, from that date onwards, the External Auditor was reappointed to carry out Company's audit. Also, in accordance with Article 141 of the Qatari Companies Law of 2004, the External Auditor has not completed five years since the date of the Company's listing in Qatar Exchange in the year 2007, which is also in compliance with Article 52 of the Company's Articles of Association.

8. Transparency and Disclosure

As we have mentioned before, Transparency and Disclosure are fundamental values in Corporate Governance, and they are two sides to a coin: if one is not available, the other becomes absent, as they are considered powerful tools in having affect on the behavior of the company, and to protect the shareholders and investors and support them in evaluating the competence of the management, and taking appropriate decisions that are based on sufficient information regarding evaluation of the company.

Based on the provisions of Articles 20 and 30(8) of the Code, the Company has complied with all the disclosure requirements mentioned in these articles. A Company website was developed that contains all the important and basic information of the company, including but not limited to the financial reports, the various Committees formed by the Board of

Directors and their Terms of References, and the résumés of each member of the Board of Directors according to provisions of the Article 5(3) of this Code.

The company carries out timely and accurate disclosure of the financial statements and other important information. The Board of Directors ensures that all disclosure made by the Company provides accurate and true information which is non-misleading. Also, according to the provision of Article 3(g) of the Audit Committee Charter, the committee is assigned with the supervision of compliance with disclosure rules and any other requirements.

It is important to mention here that the Company provides all the necessary information to the External auditors so as to enable them to prepare the Company's financial reports in accordance and compliance with the IFRS and ISA standards and requirements. It is clearly stated in the external auditor's report that the Company conforms to IFRS and that the audit has been conducted in accordance with ISA. The Company audited financial reports are published in newspapers, announced on the website, and copies are distributed to shareholders in the General Assembly.

9. Shareholders rights

The Board of Directors and the Senior Executive Management recognize their responsibilities to represent the interest of all shareholders and to maximize shareholder value. The Board of Directors ensures respect of the shareholders rights in a way that achieves fairness and equality according to the provisions of the Code and the laws, related provisions and Articles of Association of the Company.

The Company's Articles of Association includes provisions that ensure non-discrimination between shareholders. For instance, Article 18 of it states that **"Each share shall entitle its holder to a portion equal to that of others without any discrimination..."** Article 16 states that **"Any shareholder can own any number of shares in the Company..."** and last but not least, Article 40 states that **"Each shareholder shall be entitled to a number of votes equal to the number of his shares...."**

Moreover, according to the provisions of the Code and the Company's Articles of Association, the shareholders have:

1. The right to attend the General Assembly Meetings
2. Vote personally or by proxy in the General Assembly Meetings
3. Looking into and approval of the Board of Directors' proposals for distribution of dividends. On February 17, 2010, the General Assembly approved the policy of distribution of dividends based on the recommendation of the Board of Directors and in accordance with the provisions of Article 27 of the Code.

4. Invitation to General Assembly meeting and the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon.
5. Elect members of the Board of Directors. The Board members were unanimously elected in the General Assembly held on February 17, 2010. It is noteworthy that due to the election of the Board of Directors unanimously and due to absence of other applicants, cumulative voting, as outlined in Article 26(2) of the Code, was not necessary.

In accordance with the provisions of Article 27 of the Code, the General Assembly of shareholders on February 17, 2010, and upon recommendation of the Board of Directors, approved the dividend policy including background and rationale of such policy in terms of the best interest of the Company and the shareholders simultaneously.

As per extract from the dividend policy: ***“The Company believes that the payment of dividends is an important element in creating shareholder value for its investors and subject to the above, it is the policy of the company at this time, which may be subject to changes in the future, to propose to the shareholders cash dividends generally in line with the market.”*** (Annexure 11: Dividend Policy).

Ownership Records:

As the company is listed on Qatar Exchange, the record that contains the names of the shareholders shall be with Qatar Exchange in its capacity as in-charge of follow up of shareholders' affairs, and it is considered authorized by the Company to keep and regulate this record according to the provisions of Articles 159 and 160 of the Commercial Companies Law of 2002. Qatar Exchange, according to its internal regulations, deals with the shareholders. The Company requests Qatar Exchange from time to time to provide records showing ownership of shares according to procedures set by Qatar Exchange. Each shareholder has the right to obtain the Memorandum of Association and Articles of Association of the company, and other documents whenever required. Moreover, in accordance with the provisions of Article 23(3) of the Code, the Company has a website, www.mannai.com, that includes all general information about the Company.

Company's capital structure, Shares and major transactions:

In the Company's General Assembly held on February 17, 2010, the Company's share capital was increased to QR.237,600,000 divided among 23,760,000 shares. The capital of the company was disclosed in daily Arabic and English newspapers, on the Company's website, and to the various control bodies.

The details of the shareholders structure are attached as per the list issued by Qatar Exchange on August 2, 2010 (**Annexure 12: Shareholders' Structure**).

As for implementation of the provisions of Articles 28(2) and 28(3) of the Code, which require amendments to the Company's Articles of Association to include provisions for the protection of minority shareholders and a mechanism to ensure the trigger of a public offer or the exercise of Tag Along Rights, the Board of Directors has stated that, during the remaining period up to the date of the next General Assembly meeting, the issue will be studied and dealt with as considered appropriate by the General Assembly.

10. Stakeholders' rights:

In accordance with the provisions of Article 29 of the Code, the Board of Directors ensures that the rights of stakeholders and related parties such as employees, creditors, clients, customers, suppliers, investors etc. are all protected and respected, and they have complete freedom in obtaining correct and sufficient information. The Company's Management maintains open and transparent communication channels with stakeholders, and also the information is published through the Company's website and the daily newspapers.

The Company's Management follows a principle of fairness and equality among the employees and workers, and there is no discrimination based on race, gender or religion. It is mentioned in the Employee Manual that ***"The Company policy is not to discriminate in its activities or with respect to employment terms and conditions on the basis of age, gender, race, colour, national origin or religion. Such a policy ensures that only relevant factors are considered, and that equitable and consistent standards of conduct and performance are applied."***

The Management also provides incentives and remuneration according to specific policies and principles. On February 17, 2010, the General Assembly, upon recommendation of the Board of Directors, approved the Remuneration policy which aims at remunerating fairly and responsibly in light of performance related components and scope of the functions at all levels, and to link rewards to corporate and individual performance and shareholders' interests. **(Annexure 13: Remuneration Policy).**

In compliance with the provisions of Article 29(4) of the Code, the Board of Directors has adopted a whistle blowing policy providing employees with protection and confidentiality when they report to the Management any suspicious behavior, where such behavior is unethical, illegal, or detrimental to the Company's and shareholders' interests, and ensure their protection from any harm or negative reaction by others. The Management is committed to taking cognizance of and investigating all cases of reported misconduct or wrongdoing and reporting the outcome of such investigations to the Board. The whistle blowing policy is summarized on the Company's website. **(Annexure 14: Summary of Whistle Blowing Policy).**

11. Articles of the Code Not Yet Adopted into Company's Articles of Association :

The Company has not yet adopted the following Articles of the Code into the Company's Articles of Association:

9/1 Board Composition.

23/1 Access to Information.

26/1 Shareholders' Rights Concerning Board Members' Election.

28/2 Minority Shareholders' Rights.

28/3 Tag along Rights.

During the remaining period up to the date of the next General Assembly meeting, these issues will be studied and dealt with as considered appropriate by the General Assembly.

As required by Article 30(2) of the Code, we are pleased to confirm that no violations have been reported during the financial year and no penalties have been imposed or inflicted on the company.

Hamad Bin Abdullah Bin Khalifa Al Thani
Chairman of the Board of Directors