

# **Qatar National Cement Company (S.A.Q)**



## **CORPORATE GOVERNANCE REPORT FOR YEAR 2013**



## A. GOVERNANCE FRAMEWORK:

### A.1. Members of the Board

Board Member Name	Date of Appointment	Position on the Board	Shares owned (As of ____)	Competencies, Experience and Other Board Seats Held
Salem Butti Al-Naimi	01 April 2002 Re-appointed	Chairman and Managing Director, Representative of Qatar Government	Not applicable * Art. 98 of Comm. Companies Law 2002	<ul style="list-style-type: none"> <li>- Bachelor in Science of Economics from the University of Michigan, United States of America;</li> <li>- Former Undersecretary of Ministry of Communications and Transport;</li> <li>- Deputy Chairman and Director of National Holding Company.</li> </ul>
Sulaiman Khalid Al Mana	08 March 2011, Re-elected	Deputy Chairman and Director, Representative of Private Sector	More than 20,000	<ul style="list-style-type: none"> <li>- Secondary School Graduate</li> <li>- Business Man</li> </ul>
Sh. Abdulaziz Bin Jassim Al-Thani	29 November 2004	Member, Representative of Qatar Government	Not applicable	<ul style="list-style-type: none"> <li>- Bachelor in finance and Business Administration, from the University of Ain Shames;</li> <li>- Former Administration Manager at Qatar Petroleum for 17 years;</li> <li>- Chairman of the Board for Academic Bridge Program, Qatar Foundation.</li> </ul>



Board Member Name	Date of Appointment	Position on the Board	Shares owned (As of ____)	Competencies, Experience and Other Board Seats Held
Khalil Ibrahim Radwani	08 March 2011, Re-elected	Member, Representative of Private Sector	More than 20,000	- Businessman - Former Board Member of the Chamber of Commerce and Industry.
Hassan Al Jufairi	08 March 2011, Re-elected	Member, Representative of Private Sector	More than 20,000	- Business Man - Owner and Chairman of the Board of Hasan Bin Hasan Al Moula Co.
Faisal Ahmed Ali Al Sada	08 March 2011, Elected	Member, Representative of Private Sector	More than 20,000	- Bachelor in Social Science - Senior Specialist at Social Development Depart., Ministry of Social Affairs
Bader Al Qayed	01 April 2002 Appointed	Member, Representative of Qatar Government	Not applicable	- Bachelor in Finance and Business Management from Wisconsin University USA; - Development Advisor at the Ministry of Finance
Abdul Latif Al-Mohanadi	01 April 2002 Appointed	Member, Representative of Qatar Government	Not applicable	- Bachelor of Architecture - Operations Manager for Ras Lafa Industrial Area

The Board is primarily responsible for the overall direction, supervision and control of the Company. Specific responsibilities of the Board include establishing and approving the Company's objectives, strategies and policies. The Board is also mandated to review the Company's performance against the approved strategies and adherence to established policies.

During the financial year 2013, the Board has performed the tasks and dispensed business decisions within its authorities. The Board is satisfied that it has discharged its obligations and fulfilled its mandate.



## A.2. Board Committees

The Board has the following Committees:

However, in line with the Company's goal to strengthen and improve its governance structure, the Company established the following committees:

1. Audit Committee: responsible for reviewing financial statements, work of external and internal audit, internal control environment, compliance with regulations and risk management aspects of the Company.

Committee Member Name	Date of Appointment to Committee	Position on the Committee
Bader Ahmed Al Emadi	08 April 2011 – Re-appointed	Chairman
Abdul aziz Bin Jassim Al-Thani	08 April 2011 - Appointed	Member
Faisal Ahmed Ali Al-Sada	08 April 2011 - Appointed	Member

2. Nomination and Governance Committee: responsible for reviewing nominations to the Board and monitoring QNCC's corporate governance structure.

Committee Member Name	Date of Appointment to Committee	Position on the Committee
Abdul Latif Al-Mohanadi	08 April 2011 - Re-appointed	Chairman
Abdulaziz Bin Jassim Al-Thani	08 April 2011 - Re-appointed	Member
Faisal Ahmed Ali Al-Sada	08 April 2011 - Appointed	Member



3. Remuneration Committee: responsible for reviewing and approving company policies and strategies and reviewing the remuneration framework for executive management and the Board.

Committee Member Name	Date of Appointment to Committee	Position on the Committee
Abdulaziz Bin Jassim Al-Thani	08 April 2011 - Re-appointed	Chairman
Bader Ahmed Al Emadi	08 April 2011 - Re-appointed	Member
Faisal Ahmed Ali Al-Sada	08 April 2011 - Appointed	Member

Terms of references (TORs) for the Committees have been developed by Ernst & Young and TORs approved by the Board and published to public in the Company's website.

### **A.3. Remuneration Policies**

#### **A.3.1 Board Remuneration**

During the General Assembly meeting, the proposed remuneration for Board Members and the Chairman is presented to the shareholders for discussion and approval.

#### **A.3.2 Senior Management Remuneration**

The Board is responsible in setting the remuneration scale for the Company's Senior Management which is embodied in the Board-approved Human Resources policies. The remuneration and incentives of Senior Management is determined and approved by the full Board.

### **A.4. Internal Control Framework**

QNCC places great importance in maintaining a sound control environment. Accordingly, the Board ensures that adequate review is performed on all controls, including financial, operational, compliance and risk management.

The Board is ultimately responsible for the establishment, maintenance and review of the Company's internal control framework in order to obtain reasonable assurance that the Company's operations are operating effectively and efficiently, that there are adequate controls over financial reporting and that compliance with relevant laws and regulations are being observed.



QNCC's financial position, results and operations, and business performance is regularly reported to the Board. Financial results of the Company's operations are also adequately communicated to shareholders and published in the Company's website.

The Company is implementing the audit program set out on the manual prepared by M/s. Ernst & Young in 2012 and the Internal Control section is responsible for the implementation of the internal controls, essentially carrying out the work of internal checks for financial documents, vouchers, stocktaking, costing etc. The Internal Control section is reporting to the Finance & Administration Manager. The Company has recently established the Internal Audit function which reports to the Board of Directors.

During the year no instance of internal control failure has been reported.

The company is complying with most of the generally accepted internal controls and the Company is committed with those controls and also committed with the external audit systems.

#### **A.5. Risk Management Systems**

The principal objective of the Company's risk management governance structure is to manage business risks, with a view of enhancing the value of the shareholders' investments and safeguarding assets. Accordingly, QNCC has consistently and continually monitored risks and processes across the organization to identify, assess measure, manage and report on opportunities and threats that could impact the achievement of the Company's objectives.

The Board is principally responsible for establishing risk tolerance, establishing and approving related risk strategies and policies and overseeing risk and compliance management framework of the Company.

The Company is in the process of strengthening its risk and compliance framework. Accordingly, the Company is currently facilitating the establishment of a Risk function.

The Company does not have a separate risk management but the management is reviewing the market conditions on regular basis and takes corrective actions accordingly.



The following are the possible financial risks identified by QNCC:

- Credit risk,
- Liquidity risk,
- Market risk,
- Operational risk, and
- Other risk.

Company management is reviewing various risks on a periodic basis and takes suitable actions. For more details, please refer to the Annual Report 2013.

### **Compliance**

The Company has complied with applicable rules and the applicable market listing and disclosure requirements and no penalties or strictures were imposed on the Company during the last financial year.

Furthermore, the Company did not have any violations for the financial year 2013

### **A.6. Corporate Governance Report Preparation Process**

The Company's Head of Legal Section is responsible for coordinating with the Board and Senior Management in obtaining and collating the required information necessary in the preparation of the Corporate Governance Report. The report is then submitted to the General Manager for his review. Once reviewed by the General Manager, the report is presented to the Board of Directors for final approval. The report is submitted to QFMA only after obtaining the Board's final approval.



## B. QFMA COMPLIANCE

Sl. No.	Bullet No.	Article 1 – Definitions	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	Definitions covered in Article 1 are adopted.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	QNCC has adopted these definitions.	No

Sl. No.	Bullet No.	Article 2 – Comply or Clarify	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	Governance Report is prepared which defines the Company's compliance with QFMA standards and provides explanations for items not complied with and the reasons and rationale for non compliance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This QFMA compliance report is prepared to comply with this requirement.	No

Sl. No.	Bullet No.	Article 3 – Governance Obligation on Company	Yes	No	N/A	Remarks	Any Non-Compliance?
1	3.1	Board shall ensure that the Company complies with QFMA Code. (Compliance Reports)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This QFMA compliance report has been approved by the Board prior to issuance.	No
2	3.2	The Board should set, and periodically review professional conduct rules for the Board, staff and advisors. (Professional conduct rules include Board Charter, Audit Committee Charter, Company Regulations, Related Party Transactions, and Insider Trading...etc.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The related documents are approved and Published in the Company's website.	No





Sl. No.	Bullet No.	Article 4 – Board Charter	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	Board shall adopt a Board Charter.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Board Charter is approved and Published.	No
2	NA	The Board Charter shall be published and made available to the public.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	QNCC has published the Board charter and made available to the public.	No
3	NA	The Board Charter shall include provisions included in Annex 2 of the Code.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	.	No

Sl. No.	Bullet No.	Article 5 – Board Mission and Responsibilities	Yes	No	N/A	Remarks	Any Non-Compliance?
1	5.2.1	Board approves strategic objectives.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
2	5.2.1	Board appoints and replaces executive management and sets their compensation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
3	5.2.1	Board reviews management's performance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Board reviews the performance of the Management. This duty is also defined in the Board Terms of Reference (Charter).	No
4	5.2.1	Board ensures management succession planning is in place.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No



Sl. No.	Bullet No.	Article 5 – Board Mission and Responsibilities	Yes	No	N/A	Remarks	Any Non-Compliance?
5	5.2.2	Board reviews compliance to rules and regulations, including articles of association.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
6	5.3	Delegations to special committees are done through clear written instructions (Board remains responsible).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No

Sl. No.	Bullet No.	Article 6 – Board Members' Fiduciary Responsibilities	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	Board Members comply with the QFMA Code and Board Charter. Members should act with diligence, care and loyalty (ensure coverage in Charter or BOD Code of Ethics).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	QNCC Board Members act with diligence, care and loyalty. The Board Terms of Reference and Company's Code of Ethics also incorporates these areas.	No

Sl. No.	Bullet No.	Article 7 – Separation of Chairman and CEO	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	Same person may not act as Chairman and CEO.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	QNCC's Chairman is Mr. Salem Butti Al-Naimi and the General Manager (CEO) is Mr. Mohammad Ali Al Sulaiti.	No



Sl. No.	Bullet No.	Article 8 – Duties of the Chairman	Yes	No	N/A	Remarks	Any Non-Compliance?
1	8.1	Chairman ensures members receive timely information to perform their duties.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	This is being practiced and observed by the Chairman. Furthermore, this specific duty is incorporated in the Chairman's Job Description.	No
2	8.2	Chairman is not a member of any of the Board Committees (Audit Committee, Nominations and Governance Committee, and Remuneration Committee).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
3	8.3	Chairman Job Description includes points mentioned in section 8.3.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A detailed job description is currently being developed for each member of the Board including the Chairman. Points mentioned in 8.3 of QFMA included in the Chairman's job description.	No



Sl. No.	Bullet No.	Article 9 –Board Composition	Yes	No	N/A	Remarks	Any Non-Compliance?
1	9.1	Board shall include executives, non-executives and independent members.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
2	9.2	At least one third of the members are independent.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Two Members of the Board are Independent according to the Last election dated 08 March 2011.	No
3	9.3	Members provide sufficient time to perform their duties.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All members provide sufficient time to perform their required duties. Currently, time commitments are not contractually set but are understood by all directors. Furthermore, each director's job description includes the requirement to provide sufficient time.	No

Sl. No.	Bullet No.	Article 10 –Non- Executive Board Members	Yes	No	N/A	Remarks	Any Non-Compliance?
1	10.1	Non-Executive Directors' Job descriptions include the points documented in 10.1.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
2	10.2	Independent consultancy can be requested by a majority approval of Non-Executive Members.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The BOD may consult at the Company's expense any independent expert or consultant.	No



Sl. No.	Bullet No.	Article 11 –Board Meetings	Yes	No	N/A	Remarks	Any Non-Compliance?
1	11.1	Board meets at least 6 times per year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Board met a total of 6 times in 2013. As per the Board AoA, the Board should meet at least 6 times a year.	No
2	11.2	Board is called by Chairman or two members. Invitation and Board Agenda is submitted at least one week before the meeting.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As per AoA , the Board meets based on the invitation of Chairman or two members.	No

Sl. No.	Bullet No.	Article 12 –Board Secretary	Yes	No	N/A	Remarks	Any Non-Compliance?
1	12.1 and 4	The Board has appointed a secretary (through resolution) for Board administrative matters, timely access to information and coordination with Board members, stakeholders and the Board.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Board has appointed Mr. Mohd. Ibrahim as Board Secretary. Mr. Shouk handles all Board-related administrative matters.	No
2	12.2	Board members have access to Board Meeting Documentation through Secretary.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Secretary maintains Board Documentation and distributes the same to the Members.	No



Sl. No.	Bullet No.	Article 12 –Board Secretary	Yes	No	N/A	Remarks	Any Non-Compliance?
3	12.3	Board Secretary provides services to all Board Members.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	While the Board Secretary reports directly to the Chairman, all members have access to the Secretary's services.	No
4	12.5	Board Secretary is a professional accountant/ member of a chartered body of corporate secretaries/ a lawyer/ graduate from a recognized university. Board Secretary has at least 3 years experience of handling affairs for a listed company.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mr. Mohd. Ibrahim Abu Shouk has served as Board Secretary for 15 years. He also has Bachelors in Law degree and a Masters in Private Law, with many training courses in secretarial, corporate governance and related areas.	No

Sl. No	Bullet No.	Article 13 –Conflict of Interest and Insider Trading	Yes	No	N/A	Remarks	Any Non-Compliance?
1	13.1	The Company has Related Party Policy which is made public.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Company's Corporate Governance Policies Manual includes the Related Party Policy which will be published upon Board approval in coming soon.	Yes



Sl. No	Bullet No.	Article 13 –Conflict of Interest and Insider Trading	Yes	No	N/A	Remarks	Any Non-Compliance?
2	13.1	Related party transactions are approved by a majority of shareholders without the related party participating in the voting.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	QNCC does not have any related party transactions.	Not applicable
3	13.2	Board members do not participate in meeting where they have a conflict of interest or are related to the transaction.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
4	13.4	Board Member trading in company shares shall be disclosed. An Insider Trading Policy by Board Members and Employees shall be adopted.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No

Sl. No.	Bullet No.	Article 14 –Other Board Practices and Duties	Yes	No	N/A	Remarks	Any Non-Compliance?
1	14.1	The Board has access to all company documents.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Board has access to all Company documents. This provision is also incorporated in the Board Terms of Reference (Charter).	No
2	14.2	Remuneration, Nomination and Audit Committee members, Internal Audit and External Audit Attend GA meeting.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	All Board Members and External Audit attend GA meetings. QNCC has recently established an Internal Audit function. The Head of Internal Audit will also attend GA meeting, going forward.	No



Sl. No.	Bullet No.	Article 14 –Other Board Practices and Duties	Yes	No	N/A	Remarks	Any Non-Compliance?
3	14.3	An induction program for newly appointed members is in place, members responsibilities clearly discussed upon joining.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Corporate Governance Policies Manual includes guidelines on BOD induction program. However, there is no induction program currently in place.	No
4	14.4	Board shall adopt a formal training to enhance Board Member knowledge.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Corporate Governance Policies Manual includes guidelines on the same.	No
5	14.5	Board shall be kept up to date on CG directly or through Audit/ Governance Committee.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Board is currently being kept up to date on corporate governance issues through the Chairman who is also the Managing Director. Going forward, the Nomination and Governance Committee will handle the review of corporate governance practices and issues.	No





Sl. No.	Bullet No.	Article 14 –Other Board Practices and Duties	Yes	No	N/A	Remarks	Any Non-Compliance?
6	14.6	The AoA of the Company shall include procedures for removing members whom fail to attend meetings.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 33 of the AoA provides that “if a director is absent for 3 consecutive meetings of the Board, or 5 non-consecutive meetings, without an excuse acceptable to the Board, such director is deemed to be resigned.”	No

Sl. No.	Bullet No.	Article 15 –Appointments and Nomination Committee	Yes	No	N/A	Remarks	Any Non-Compliance ?
1	15.1	Formal, rigorous and transparent Board Appointment Procedure in place.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Company has established a system for nomination/ appointment of BOD. Going forward, this will be part of the Nomination and Governance Committee’s duties.	No
2	15.2	Company must have a Nomination Committee chaired by an Independent and comprised of Independent Members.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NC Committee Chaired by a non-independent Member.	Yes



Sl. No.	Bullet No.	Article 15 –Appointments and Nomination Committee	Yes	No	N/A	Remarks	Any Non-Compliance ?
3	15.3	Nomination Process/ Assessment of Board Members in accordance with Annex 2 of QFMA.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Company's nomination process/assessment of Board Members is in accordance with QFMA.	No
4	15.4	Nomination Committee TOR is published.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
5	15.5	Annual Self Assessment Process is in place.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The templates and tools to perform an annual self-assessment are incorporated in the Corporate Governance Policies Manual and will be implemented upon the Board approval.	Yes

Sl. No.	Bullet No.	Article 16 –Remuneration	Yes	No	N/A	Remarks	Any Non-Compliance?
1	16.1	Remuneration Committee comprised of 3 non-executives majority independent.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
2	16.2	TOR is published.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No



Sl. No.	Bullet No.	Article 16 –Remuneration	Yes	No	N/A	Remarks	Any Non-Compliance?
3	16.3	Remuneration Policy presented to the GA and made public.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Company's remuneration policy will be presented to the GA - as soon as possible and to be published after GA's approval.	Yes

Sl. No.	Bullet No.	Article 17 –Audit Committee	Yes	No	N/A	Remarks	Any Non-Compliance?
1	17.1	Audit Committee comprised of 3 members, majority independent. One member with Financial and audit experience. Chairman is independent.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Chairman of Committee is non independent.	Yes
2	17.2	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
3	17.4	The Audit Committee meets at least quarterly and has minutes of meetings.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Committee met two times.	yes
4	17.5	Disagreements between the committee and the Board are noted in the Governance Report.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
5	17.6	Publish its TOR.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
6	17.6	Adopt a policy for external auditors.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The AoA includes provision relating the external auditors.	No



Sl. No.	Bullet No.	Article 17 –Audit Committee	Yes	No	N/A	Remarks	Any Non-Compliance?
7	17.6	Meet at least once a year with the external auditor.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
8	17.6	Develop whistle blowing rules.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Whistle Blowing policy is incorporated in the Corporate Governance Policies Manual.	No

Sl. No.	Bullet No.	Article 18 –Compliance, Internal Control and Internal Auditor	Yes	No	N/A	Remarks	Any Non-Compliance?
1	18.1	Internal Control System (for risk, compliance and governance) adopted by the Board.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Company has recently established an Internal Audit function to which will be responsible for the internal control system.	No
2	18.2	Company conducts Risk Assessments.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
3	18.3	Company has internal audit function (operational and financial).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
4	18.4	Internal Audit Function with at least one auditor whom reports to the Board, through the Audit Committee.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No



Sl. No.	Bullet No.	Article 18 –Compliance, Internal Control and Internal Auditor	Yes	No	N/A	Remarks	Any Non-Compliance?
5	18.5	Audit Reports include relevant information in 18.5.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
6	18.6	Audit Reports prepared every quarter.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Internal Auditor not appointed yet.	yes

Sl. No.	Bullet No.	Article 19 – External Auditor	Yes	No	N/A	Remarks	Any Non-Compliance?
1	19.1	Appointed external auditor does annual and semiannual audits.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Talal Abu Ghazaleh & Co. is QNCC's external auditor and they perform annual audits and semi annual reviews.	No
2	19.2	External Auditor is independent from the Company and the Board.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The external auditor is independent from the Company and the Board.	No
3	19.3	External Auditor attends AGM.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As a practice the External Auditor attends the AGM.	No
4	19.4	External Auditor raises any concerns to regulatory authority, if no action taken by Board.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	External Auditor may raise concerns as appropriate.	No
5	19.5	External Auditor is rotated every 3 years.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No



Sl. No.	Bullet No.	Article 20 – Corporate Governance Report	Yes	No	N/A	Remarks	Any Non-Compliance?
1	20.1	Financial Disclosures are made.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Incorporated as part of the financial statements.	No
2	20.1	Disclosure on Board Members (resume) of education, profession, board seats they hold.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Incorporated in this report.	No
3	20.1	Name of members of various committees.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Provided in this report.	No
4	20.3	Financials are in accordance with IFRS/ IAS and ISA.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The audited financial statements have been prepared in accordance with IFRS.	No
5	20.4	Audited financials are made available to all shareholders.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Published on the Qatar Exchange website and included in the Company's Annual Report.	No



Sl. No.	Bullet No.	Article 21 –Shareholder Rights	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	Shareholder Rights are protected in accordance with AoA and this Code.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Company's AoA promotes the protection of shareholder rights. A shareholders relation policy is incorporated in the Corporate Governance Policies Manual.	No

Sl. No.	Bullet No.	Article 22 –Ownership Records	Yes	No	N/A	Remarks	Any Non-Compliance?
1	22.1	Share ownership records are maintained and updated.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shareholder records are maintained and updated by Qatar Exchange.	No
2	22.2	Shareholder register can be freely accessed by all Shareholders during office hours or in accordance with Access to Information Procedure.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shareholder register is maintained and updated by Qatar Exchange.	No
3	22.3	Shareholders may obtain any document listed in 22.3 for a fee (check if in access to information procedure).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No



Sl. No.	Bullet No.	Article 23 –Ownership Records	Yes	No	N/A	Remarks	Any Non-Compliance?
1	23.1	Access to Information Procedures included in AoA and Bylaws.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		No
2	23.2	The Company shall have a website where all disclosures are made.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	QNCC's website: www.qatarcement.com	No

Sl. No.	Bullet No.	Article 24 –Shareholder Rights with Regard to Shareholder Meetings	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	Shareholders right to call a GA, right to place items on the agenda, discuss matters listed on the agenda and address questions is included in AoA/ By-Laws.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Right to call for a General Assembly is in accordance with Commercial Companies Law and is depicted in the Articles of Association.	No

Sl. No.	Bullet No.	Article 25 –Equitable Treatment	Yes	No	N/A	Remarks	Any Non-Compliance?
1	25.1	Shareholders rights in same class are the same.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Only one class of shares.	No
2	25.2	Proxy Voting is permitted.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proxy voting is permitted and is communicated to shareholders.	No





Sl. No.	Bullet No.	Article 26 Shareholder Rights in Board Member Elections	Yes	No	N/A	Remarks	Any Non-Compliance?
1	26.1	AoA and Bylaws include provisions ensuring shareholders are given information relating to Board Member Candidates.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	No specific provision incorporated in the AoA, as modified in accordance with the sample issued by the Ministry of Economy and Commerce in March 2003.	Yes
2	26.2	Voting for Board Members is through Cumulative Voting.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Voting mechanism is in accordance with Commercial Companies Law and is not on a cumulative vote basis.	Not applicable

Sl. No.	Bullet No.	Article 27 Dividend Distribution	Yes	No	N/A	Remarks	Any Non-Compliance?
1	NA	BOD shall submit to the GA a clear policy on dividend distribution.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Article 63 of the AoA details the required distribution of net profits, including the distribution of dividends to shareholders. This provision is also incorporated in the Corporate Governance Policies Manual.	No



Sl. No.	Bullet No.	Article 28 Capital Structures, Shareholder Rights and Major Transactions	Yes	No	N/A	Remarks	Any Non-Compliance?
1	28.1	Capital structure is disclosed. The Company should determine what shareholder agreements are disclosed.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Government of the State of Qatar ( Qatar Holding Co. and Pension Fund).	No
2	28.2	AoA and/ or Bylaws protect minority shareholders in the event of approval of Major Transactions when minority shareholder is against such transactions.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Provision for the protection of minority is not specifically disclosed in AoA.	Yes
3	28.2	AoA and/ or Bylaws provide triggers or Tag Along Rights in case of a change in ownership exceeding a certain threshold.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Provisions for the triggers or Tag Along Rights are not specifically disclosed in AoA.	Yes

Sl. No.	Bullet No.	Article 29 Stakeholder Rights	Yes	No	N/A	Remarks	Any Non-Compliance?
1	29.2	Employees treated in accordance with principles of fairness and equity without discrimination.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Company protects the equal rights of its employees. This provision is also incorporated in the Code of Ethics.	No



Sl. No.	Bullet No.	Article 29 Stakeholder Rights	Yes	No	N/A	Remarks	Any Non-Compliance?
2	29.3	Employees' remuneration policy and packages developed by the Board which should take into consideration long term performance.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	The Company has developed a performance appraisal scheme for employees.	No
3	29.4	Board adopts a mechanism for reporting unethical behavior (whistle-blowing), where whistle-blower is protected.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	A Whistle-Blower Policy is incorporated in the Corporate Governance Policies Manual.	No

Sl. No.	Bullet No.	Article 30 Report	Yes	No	N/A	Remarks	Any Non-Compliance?
1	30	Governance Report covers the items documented in Article 30.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Complied with in this report.	No

