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# CORPORATE GOVERNANCE REPORT FOR 2013

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WE, AT GWC, BELIEVE IN A **WELL-BALANCED ACCOUNTABILITY** FRAMEWORK BASED ON **CLEAR COMMUNICATION** AND UNDERSTANDING ACROSS THE ORGANISATION OF ROLES AND RESPONSIBILITIES. PRESENCE OF **STRONG GOVERNANCE STANDARDS** HELPS US GAIN **BETTER ACCESS TO CAPITAL** AND GIVES US A BROADER **SOCIAL AND INSTITUTIONAL** DIMENSION. WE STRIVE TO IMPLEMENT A BUSINESS ENVIRONMENT THAT IS **FAIR AND TRANSPARENT** AND HELPS US DELIVER **SUSTAINABLE AND GOOD** BUSINESS PERFORMANCE.

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***“Gulf Warehousing Company’s – (GWC) Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company. It guides the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long term shareholders’ value. The corporate governance also takes into account the interest of other stakeholders.*”**

The board of directors of the Company (the “Board”) has adopted a Code of Corporate Governance Practices (the “CGP Code”), which is based on the guidelines set out by the Qatar Financial Market Authority (QFMA) on the rules governing all the listed companies on the Qatar Exchange.

Maintaining high standards of corporate governance practices is not just about complying with the letters of the provisions of the CGP codes but also the intent of the regulations to enhance corporate performance, accountability and transparency. Following below is the compliance status with the various CGP codes as of the financial year ended 31 December 2013.

## **A. Directors**

### **1. The Board**

The GWC’s Board assumes responsibility for directing the Company and enhancing its value for shareholders in accordance with good corporate governance principles and has established relevant board committees to assist in discharging these responsibilities.

Established committees include the followings:

1. Board Remuneration Committee;
2. Board Audit Committee; and
3. Board Nomination Committee

Each of the committees has an approved committee charter that specifies each committee’s roles, responsibilities and functions. All company’s board committee charter has been distributed to all shareholders during AGM 2010 and is also published on the company’s website. Compliance requirement of CG codes: article- 15.4, 16.2, 17.6,

The role and responsibilities of the GWC Board broadly covers reviewing and approving corporate missions and broad strategies; overseeing and evaluating the conduct of the group’s businesses; identifying principal risks and ensuring the implementation of appropriate measures and control

systems to manage these risks; and reviewing and approving important matters such as financial results, investments and divestments and other material transactions. The Board has delegated the day-to-day management and operation of the group’s businesses to the management of the Company headed by the Group Chief Executive Officer (GCEO).

Compliance requirement of CG codes: article- 5

The GWC Board composition is in compliance with the company’s article of association which stipulates a maximum total of Nine (9) Directors. Three (3) of these directors clearly meets the definition of ‘Independent’ Directors. Compliance requirement of CG codes: article- 9

Subsequent to specific request; the company has received confirmation of independence from each of the Directors for the period in review.

Several Directors have been allocated Board Committee memberships as indicated in table 1.1; there are three (3) Board Committees with membership allocations based on practical experience of the Board members. The various Board Committee meetings and attendance of directors are indicated in table 1.2

The GWC’s Board of Directors’ role is regulated by a well-defined Board Charter that specifies the duties of directors as well as their fiduciary responsibilities. The charter also lists out the details of the Board’s mission and responsibilities. The company has designed documents which are a written confirmation of directors’ compliance and fulfillment of their fiduciary duties. Compliance requirement of CG codes: article- 4 & 6

The entirety of this report is part indication of Management’s commitment to ensuring full compliance with the CGP codes. Compliance requirement of CG codes: article- 3

## **Board Charter**

The business of the Gulf Warehousing Company (GWC) is managed under the direction of the Board of Directors headed by the Chairman. The Board must direct its activities towards the achievement of the objects as set out in the GWC Memorandum of Association.

## Objective of GWC

The objective of the GWC according to the company's certificate of Registration includes:

1.	(995221)	Prepare, make, manage, lease warehouses of all type	2	(602300)	Goods Transport by road on Trailers
3	(2003733)	Aircraft & hotel catering Services	4	(1000085)	Import of chemical items for construction works
5	(1000086)	Import painted related items	6	(2002939)	Trading in chemical items related to pest control
7	(1000087)	Import adhesive items	8	(2002730)	Import anti-rusting & anti-corrosion chemical items.
9	(536220)	Trading in chemical items used making of antiseptic and cleaning items	10	(536140)	Trading in chemical items related to photographic shooting.
11	(1000089)	Import chemicals related to plastic items	12	(536130)	Trading in chemical related to laboratories
13	(2002731)	Import of chemicals related to plastic items.	14	(536120)	Trading in chemicals related to making of fertilizer.
15	(536200)	Trading in chemical items related to printing	16	(1000027)	Importing of chemical items related to water treatment
17	(2001954)	Trading in chemical items related to heat insulations	18	(501400)	Trading in used trucks
19	(503053)	Trading in light weight trailers spare-parts	20	(512000)	Trading in food items
21	(512050)	Trading in consumable items	22	(523300)	Trading in office furniture
23	(631000)	Storing in warehouses	24	(544121)	Trading in heavy duty equipment
25	(544122)	Trading in light equipment	26	(602400)	Land transport by trailers (Transport)
27	(630100)	Shipping, unloading, supply of goods by road or sea	28	(641220)	Transport, store of documents & papers
29	(741500)	Industrial Consultancy , Technical and related	30	(2003571)	Trade in tools and Electronic devices
31	(200122)	Trade in Sports equipment and tools	32	(521660)	Trade in sports wear
33	(525200)	Trade in Computer Systems	34	(537600)	Trade in Tiles, Marble, Granite, Ceramic, Stones & Porcelain
35	(531100)	Trade in Cooling and Heating Machines			

## Role of the Board

### MAJOR FUNCTIONS OF THE BOARD

The major functions of the Board as approved by the Board are:

1. Strategy formulation and approval, including the development of major goals and strategies, in conjunction with the senior management team;
2. The Group Chief Executive Officer - GCEO is a GWC employee. Responsibility for selection and, when necessary, removal of the GCEO is jointly exercised by the board with the approval of the chairman of the board of directors;
3. Monitoring organizational performance using agreed performance measures linked to business strategies benchmarked against corporate peers;
4. Ensuring that stewardship frameworks are in place including overview of policies, practices and performance of risk management, internal compliance and control, codes of conduct, legal compliance and public reporting;
5. Networking on behalf of the organization to assist in achieving organizational goals.

In interpreting these functions Board members generally follow a clear direction in the way the Board carries out its major functions, and delegates detail or other functions to management. The board adopts the following approach:

1. The Board will focus on "ends" rather than "means" when formulating policies about delegation. Budgets, programs, personnel policies, building, equipment and a host of other matters that traditionally consume board time are management means issues rather than ends.
2. However, all terms and means that contravene the state laws or other statutory regulations or that contradict the norms and culture of the state of Qatar or the dictate of the memorandum of association is hereby prohibited and cannot be implemented.
3. From time to time the Board may redefine where management actions start and end.

### Further Narration of Role of the Board

- (a) The Board has primary responsibility to shareholders for the sustainability and relevance

of the GWC by guiding and monitoring its business and affairs.

- (b) In carrying out its responsibilities, the Board undertakes to serve the interests of GWC shareholders, employees, customers and the broader community.
- (c) Each Director of GWC will act in good faith in the best interests of GWC as a whole, and collectively oversee and appraise the strategies, major policies, processes and performance of the company using care and diligence to ensure that GWC's long term sustainability is assured.
- (d) The independence of the Directors will be a paramount principle of governance. Directors will not misuse their position in the Board to advance personal interests. Directors will not use information available to them as Board members to advance personal interests or agendas.
- (e) Directors are required to inform the Board of any conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors must absent themselves from discussion or decisions on those matters. Where a conflict of interest or potential conflict is not identified by a Director, the Chair of the Board or Committee (or other Directors) will call the matter to the attention of the Director.

### Structure and composition

The Board Structure is described in the Articles of association of GWC. As currently defined it provides for a Nine (9) elected Board membership all of who shall be elected by the Ordinary General Assembly by secret ballots.

### Term of References

Member of the Board shall be:

1. Not less than twenty one year old;
2. Have not been convicted with criminal offense or involved in dishonesty or in any of the crimes mentioned in articles (324), (325) of commercial company law unless he is reinstated;
3. Own (20,000) twenty thousand shares in the company allocated to guarantee the company, shareholders and creditor and other equities towards responsibility of the board members. These shares shall be deposited within sixty days from

the start of membership in one of the certified banks and it shall remain deposited and shall not be subject to dealing or mortgage or distraint until the end of membership and the "Balance Sheet" of the end of the financial year is certified and if the member fails to give the security as required his membership shall be dismissed;

4. Electable for three renewable years;
5. No one with his personal capacity or in his own capacity as representative to any persons is allowed to be member of the Board of GWC if this person is a member of the Board of three (or more) joint stock companies whose headquarters are in the state, also no one with his personal capacity or in his own capacity as representative to any persons is allowed to be Chairman or Deputy Chairman of GWC if this person is a chairman or Deputy Chairman of the Board of two (or more) joint stock companies whose headquarters are in the state. In all cases, ordinary persons may not be managing directors in more than one company whose headquarters are in the state or have membership in the Board of other companies of similar activities or competitors and whoever violates shall his/her membership dismissed.
6. The Board of directors shall elect Chairman and Deputy Chairman by secret ballot.
7. Chairman of the Board shall be the Company chairman and shall represent the company in front of others and shall implement the decision of the board and abide by its recommendations.

### **Board Committees**

The responsibilities bestowed on the Board require the formation of committees to enhance effective monitoring of the Company. The following committees shall be established by the Board:

- (a) Board Nomination Committee
- (b) Board Audit Committee
- (c) Board Remuneration Committee

### **Board Nomination Committee**

- I. 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 (for

the avoidance of doubt, nomination by the Committee will not deprive any shareholder of his rights to nominate or to be nominated);

- II. Nominations shall take into account inter alia 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 and personality and should be based on the 'Fit and Proper Guidelines for Nomination of Board Members' annexed to the Code as amended by the Authority from time to time;
- III. Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role.
- IV. The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance.

### **Board Audit Committee**

- I. 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. 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.
- II. 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.
- III. The Audit Committee may consult at the Company's expense any independent expert or consultant.
- IV. The Audit Committee shall meet as needed and regularly at least once every three months and shall keep minutes of its meetings.
- V. In the event of any disagreement between the Audit Committee's recommendations and the Board's decision 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) behind the Board of Directors' decision not to follow the recommendations.

- VI. Upon its establishment, the Audit Committee shall adopt and make public its terms of reference explaining its main role and responsibilities in the form of an Audit Committee Charter.

### Board Remuneration Committee

- I. The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members the majority of whom must be Independent. Article 16.1 of CG codes
- II. Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities. Article 16.2 of CG codes
- III. 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. Article 16.3 of CG codes
- IV. The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public. Article 16.4 of CG codes
- V. 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. Article 16.5 of CG codes

### Replacement and Resignation

#### Ref: Article 32-MoA

If the post of a member of the board is vacant it shall be occupied by the shareholder who has majority of votes but who is not already in the board. If this is not possible then the one who follows and this new member shall continue with the predecessor's term only.

### Responsibilities of the Board Preambles/ Notes on the Responsibilities of the Board as it is now

The Board is responsible for the management of the affairs of GWC; this responsibility includes:

- (a) Setting the strategic direction of GWC and monitoring management's implementation of that strategy;
- (b) Selection and appointing the Group Chief Executive Officer, determining his/her conditions of service and monitoring his/her performance against established objectives;
- (c) Selection and appointing the Company Auditors both external and internal, determining his/her conditions of service and monitoring his/her performance against established objectives;
- (d) Appointing the Board Secretary;
- (e) Reviewing on a regular basis, the conditions of service and performance monitoring procedures to apply to senior management;
- (f) Monitoring financial outcomes and the integrity of reporting; in particular, approving annual budgets and longer-term strategic and business plans;
- (g) Setting specific limits of authority for management to commit to new expenditure, entering contracts or acquiring businesses without Board approval;
- (h) Approving acquisitions and disposals of businesses and investments;
- (i) Approving significant changes of key policies;
- (j) Ensuring that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimize the possibility of GWC operating beyond legal requirements or beyond acceptable risk parameters;
- (k) Monitoring compliance with regulatory requirements and ethical standards; Reviewing, on a regular basis, senior management succession planning and development;
- (l) Reporting to the Shareholders on the discharge of their responsibilities in such a manner as is approved by the Board from time to time.

- (m) Appointing such Committees of the Board as may be appropriate to assist in the discharge of its responsibilities, determining their responsibilities and approving a charter for each Committee;
- (n) In discharging these responsibilities, each Director is bound by the Company's Act, the memorandum of association and all charters, policies and codes of conduct in force from time to time including, but not limited to: (i) This Charter; (ii) The Committee charters (iii) The Directors' Code of Conduct,
- (o) The Board's responsibilities are collegiate and, once decisions are made, Directors must not publicly advocate policies contrary to established Board decisions.
- (p) The Board delegates to the Group Chief Executive Officer responsibility for implementing the strategic direction, and for managing the day-to-day operations of GWC.

#### **Role of the Chairman Article 8 of CG codes**

The responsibility of the Chairman includes:

- I. The Chairman is responsible for ensuring the proper functioning of the Board; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information.  
*Article 8.1 of CG codes*
- II. Ensuring that he/she is not a member of any of the Board committees prescribed in this charter.  
*Article 8.2 of CG codes*
- III. Liaising with the Group Chief Executive Officer and the Board Secretary to see that new Board members are appropriately briefed and have access to information on aspects of the Company's operations;
- IV. Establishing the agenda for Board meetings, in consultation with the Group Chief Executive Officer and Board Secretary; *Article 8.3 of CG codes*
- V. Being the main point of contact and communication between the Board and the Group Chief Executive Officer, ensuring that the Board's views are communicated clearly and accurately;
- VI. Acting as primary counselor to the Group Chief Executive Officer.

- VII. Leading the review of the Board's performance and the review of the GCEO performance, ensuring that the delegated authority of the GCEO and expected key performance criteria for the GCEO are clear.
- VIII. Presiding over Board and General Meetings of the Company.
- IX. Setting a standard for Board members in terms of attendance at meetings and prior familiarity with Board Papers distributed and issues to be raised;
- X. Ensuring that the meetings are conducted competently, ethically and in an open fashion consistent with a transparent culture.
- XI. Ensuring that general meetings are conducted efficiently and that member have adequate opportunity to air their views and obtain answers to their queries.

#### **Role of Directors (Article 10 of CG codes)**

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

- I. Participation in the meetings of the Board of Directors and providing independent opinion on strategic matters, policy, performance, accountability, resources; *(Article 10.1.1 of CG codes)*
- II. Ensuring that priority shall be given to the Company's and Shareholders' interests in case of conflict of interests; *(Article 10.1.2 of CG codes)*
- III. Participation in the Company's Audit Committee; *(Article 10.1.3 of CG codes)*
- IV. Monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports; *(Article 10.1.4 of CG codes)*
- V. The development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner; *(Article 10.1.5 of CG codes)*
- VI. Availing the Board of Directors and its different Committees of their skills, experiences, diversified specialties and qualifications through regular presence in the Board meetings

and effective participation in the General Assemblies and the acquisition of a balanced understanding of Shareholders' opinions. (Article 10.1.6 of CG codes)

### **Fiduciary Duties of Board Members (Article 6 of CG codes)**

These duties include:

- I. Board members shall ensure compliance with all trade laws and requirements of QE and QFMA.
- II. Each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations including this Board Charter. (Article 6.1 of CG codes)
- III. Board Members must at all-time act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders. (Article 6.2 of CG codes)
- IV. Board Members shall act effectively to fulfill their responsibilities towards the Company (Article 6.3 of CG codes)

### **Review of performance**

The Board will conduct, at least every year, a comprehensive review of its performance as a Board. The method of conducting each review, and the extent of that review, is for the Board to determine from time to time. The review of the GCEO's performance is conducted in accordance with the terms set out in the

The Board currently comprises the following members:

Table 1.1; Board Committee Membership:

#	Board Membership	Nomination Committee	Remuneration Committee	Audit Committee
1.	Shk. Fahad Bin Hamad Bin Jassem Al Thani – Chairman			
2.	Ahmed Mubarak Al-Ali Al-Maadid - Vice Chairman	Committee-Member	Committee-Chair	
3.	Shk. Abdulla Bin Fahad Bin Jassem Al Thani – Member	Committee-Chair		
4.	Dr. Hamad Saad M. Al-Saad – Member		Committee-Member	Committee-Chair
5.	Mohd Thamer M. Al- Aseri – Member	Committee-Member		
6.	Jassim Sultan J. Al- Rimaihi – Member		Committee-Member	Committee-Member
7.	Mohammed Hassan Al Emadi – Member			Committee-Member

formal letter of appointment signed by the GCEO and where not spelt out the Chairman of the Board will set out the terms. (Article 8.3.6 of CG codes)

### **Review of Charter**

The Board will regularly review and amend this charter and the charters of Board Committees to ensure they remain consistent with the Board's objectives and responsibilities, and relevant standards of corporate governance.

### **Approval of Charter**

This charter must be approved in the form of a passed resolution of the Board.

### **Other Board Practices and Duties**

1. The Board members has full and immediate access to information, documents, and records pertaining to the company. The company has complied with this CGR requirement. Compliance requirement of CG codes: article- 14
2. The board has put in review an induction program for newly appointed board members to ensure that, upon their election, members become fully aware of their responsibilities and the company operations. Compliance requirement of CG codes: article- 14
3. Board of Directors has a process in place to keep its members updated about latest developments in area of corporate governance and best practices. Compliance requirement of CG codes: article- 14



Table 1.2; Directors attendance of Meetings:

#	Board Membership	General Assembly	Board Meeting	Nomination Committee	Remuneration Committee	Audit Committee
1.	Shk. Fahad Bin Hamad Bin Jassem Al Thani –Chairman	1	7/7	1/1		
2.	Ahmed Mubarak Al-Ali Al-Maadid - Vice Chairman	1	7/7	0/1	1/2	
3.	Shk. Abdulla Bin Fahad Bin Jassem Al Thani – Member	1	6/7	1/1		3/4
4.	Dr. Hamad Saad M. Al-Saad – Member	1	7/7		2/2	4/4
5.	Mohd Thamer M. Al- Aseri – Member	1	5/7			
6.	Jassim Sultan J. Al- Rimaihi – Member	1	6/7	1/1	2/2	4/4
7.	South Port Representative- TBA	1	5/7			
8.	Henadi Al-Saleh	1	5/7			
9.	Mohammed Hassan Al Emadi – Member	1	2/2			1/4

## 2. Chairman and Group Chief Executive Officer (“GCEO”)

In specific compliance with the CG codes; the roles of the Chairman and the Group CEO of the Company are segregated and are not held by the same person. Currently, Shk. Fahad Bin Hamad Bin Jassem Al Thani is the Non-Executive Chairman and Ranjeev Menon is the Group CEO of the Company. Compliance requirement of CG codes: article- 7

The primary responsibility of the Chairman is to ensure effective functioning of the Board and to oversee Board policies. The Chairman is responsible for ensuring the proper functioning of the Board in directing the affairs of the company; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information. The Group CEO’s main responsibility is to work with business managers to develop and achieve strategic business plans and to set out Key Performance Areas for the business managers as well as to focus on creating value through asset deployment and optimal use of the capital resources available. The responsibilities of the Group CEO are determined by the Board. During calendar year 2013, Mr. Abdulaziz Zeid Al-Taleb resigned from the company as Managing Director. - Compliance requirement of CG codes: article- 8

The Chairman is not a member of any Board Committee – Compliance requirement of CG codes: article- 8.2

## 3. Non-executive Directors

All Board members have been chosen through balloting during the Annual General Meeting of the shareholders held in 2012. Board members have been elected to a term of maximum three (3) years in accordance with the Company’s Bye-Laws. A new election into the Board is scheduled for 2015 AGM. The role of the Non-Executive Directors as listed in the Board charter is well in compliance with of the CG codes. Compliance requirement of CG codes: article- 10

## 4. Nomination of Directors

The Board is responsible for the selection and recommendation of candidates for directorship of the company, The Nomination Committee of the Board is chaired by an Independent Board Member and comprised of independent Board Members which recommend Board Members’ appointments and nomination for election by the General Assembly.

All new nominations received are assessed and approved by the Board (Board Nomination Committee) in line with its policy of ensuring that the

nominees are of high caliber and ample experience.  
Compliance requirement of CG codes: article- 15

## 5. Board Meetings and Access of Information

During 2013, the Board met regularly and members of the Board receive information between meetings about developments in the Company's business. In total Seven (7) board meetings were held and attended by the directors in 2013. Refer to Table 1.2 for attendance. Board papers have been circulated

prior to board meetings at least one week; these papers includes mainly the agenda. Compliance requirement of CG codes: article- 11

## 6. Directors' Securities Transactions

All directors of the Company during the year, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out by the QFMA instructions on "quiet time" throughout the year. Below is the Directors Shareholding information. Compliance requirement of CG codes: article- 13.4

Table 1.3

Name	Department /or Position	Details	Owned Share Balance@ 31-Dec'12	Add: Net Changes in Shares within the Year	Owned Share Balance@ 31-Dec'13
Shk. Fahad Bin Hamad Bin Jassem Al Thani	Chairman	Personal	0	0	0
		Al Murqab Capital	8,505,080	1,701,016	10,206,096
Ahmed Mubarak Al-Ali Al-Maadid	Vice-Chairman	Personal	691	138	829
		Al Bateel Commercial Co.	41,666	8,333	49,999
Shk. Abdulla Bin Fahad Bin Jassem Al Thani	Director	Personal	0	0	0
		Al Masar Services Co.	1,360,138	272,027	1,632,165
Dr. Hamad Saad M. Al-Saad	Director	Personal	0	0	0
		El Shameel Group Ltd	41,666	8,333	49,999
Mohd Thamer M. Al- Aseri	Director	Personal	21,000	4,200	25,200
		Al Sanaam Commercial Co.	1,240,000	248,000	1,488,000
Jassim Sultan J. Al- Rimaihi	Director	Personal	0	0	0
		Al Esham Commercial Co.	1,240,000	248,000	1,488,000
TBA	Director	Personal	0	0	0
		South Port Co	1,119,862	223,972	1,343,834
Henadi Al-Saleh	Director	Personal	0	0	0
		Agility - Kuwait	7,170,732	1,434,146	8,604,878
Mohammad Hassan Al Emadi	Director	Personal	0	0	0
		Ismail Bin Ali Group	21,666	4,332	25,999
Ranjeev Menon	Group CEO	Personal	0	0	0
		N/A	0	0	0

## 7. Director's Transaction with the Company

The Gulf Warehousing Company's control systems are setup with a focus in knowing the details of sponsors of companies it transacts business with. During the fiscal year 2013; there is no Directors' related party transaction.

Compliance requirement of CG codes: article- 13.1, 13.2 & 13.3

## 8. Board Secretary

The Company has a substantive Board Secretary whose function is fully compliant with the CG codes.

The Board Secretary has an LLB law degree with more than six (6) years of experience. Compliance requirement of CG codes: article- 12

## B. Directors' Remuneration

### 1. Board Remuneration Committee ("BRC")

The Board has established a Remuneration Committee comprising of three non-executive directors majority of who are independent. Upon its constitution, the remuneration committee had adopted a term of reference which is available to the public on the company's websites.

According to the term of reference, the committee's main role includes setting the remuneration of Chairman, Board Members, Group Chief Executive Officer - (GCEO) as well as the Internal Auditor.

Compliance requirement of CG codes: article- 16

## C. Accountability and Audit

### 1. Board Audit Committee ("BAC")

The BAC oversees the financial reporting process and assesses the adequacy and effectiveness of the Company's system of internal control and risk management. The BAC meets with the Company's external and internal auditors, and reviews their audit plans, the internal audit programs, and the results of their examinations as well as their evaluations of the system of internal control and risk management. The BAC reviews the Company's financial statements and the auditors' report thereon and submits its views to the Board.

The Board Audit Committee comprise of three directors majority of who are independent. The chair of the Audit Committee is proficient in financial issues. The Audit committee has met 4 times during the year.

Compliance requirement of CG codes: article- 17

## 2. Financial Reporting

The QFMA Rules requires listed companies to prepare annual financial statements which shall provide a true and fair view of the state of affairs of companies and of the results of their operations and cash flows. The Board; being aware of its responsibility for ensuring the maintenance of proper accounting records of the company, has acknowledged its responsibility for preparing the financial statements.

The Board approves the financial statements; as prepared by the management, after taking into account the BAC's comments on specific accounting matters. The Board is satisfied that appropriate accounting policies have been used in preparing the financial statements, consistently applied and complied with the relevant accounting standards. A statement of the auditors about their reporting responsibilities is included in the published audited financial reports. Details of the company's financials are published on the websites.

## 3. Internal Controls and Risk Management

The Board; recognizing its responsibilities to ensure sound internal controls have put in place a risk management and control framework for the Company to:

- identify significant risks faced by the Company in the operating environment as well as evaluate the impact of such risks identified;
- develop necessary measures and controls for managing these risks; and
- Monitor and review the effectiveness and adequacy of such measures.

The Board has entrusted the BAC with the responsibility of overseeing the implementation of the Company's risk management framework. In discharging this responsibility, the BAC, assisted by the Internal Audit Department:

- ensures that new and emerging risks relevant to the company are promptly identified by management;
- assesses the adequacy of action plans and control systems developed to manage these risks; and
- Monitors the implementation of the action plans and the effectiveness and adequacy of the control systems.
- Ensures all processes are mapped for complete coverage and related risk assessments

The natural process is such that the company defines processes and actions needed to achieve its objectives. Policy guidelines and standard operating procedures are then documented to guide the various actions, the Company's policies and standard operating procedures-SOPs are at the departmental or unit levels for all processes and actions.

The company's Quality Assurance Control department is responsible for tracking and documenting details of all SOPs and Policies. The Company policies set guidelines on all major or tangible issues while the SOPs narrate the detail steps in carrying out tasks in various units of the company. As of November 2011, all policies and SOPs have been reviewed and certified by the Internal Audit and approved by the Group CEO. The Internal Audit has the responsibility of ensuring the adequacy, relevance, appropriateness and compliance with all company's policies and SOPs.

During the year 2011, the Internal Audit in collaboration with the Quality Assurance Control Department carried out annual systems/Process MAPPING to verify that the processes contain no gap. All identified gaps have been rectified. These analyses were carried out to ensure controls are adequate and complete.

The entire system of internal control in GWC is highly dependent on Information Technology-(IT). The IT applications implementations have been designed and carried out in such manners as to ensure systems integrity, segregation of duties, data security, user privileges and access control, disaster recovery and business continuity surety, virus control etc. An audit report; ARP/012/2013 was raised in 2013 by the internal audit department narrating observed inadequacies of the IT controls. All recommendations have been accepted by management for implementation.

During the period in review, the Internal Audit issued 31 reports and several hundreds of mails and correspondences. The 31 Audit reports raised 318 issues. These reports & mails are a result of reviews, audits, formal and informal discussions. All audit recommendations have been accepted and several are under implementations. Audit reports also include bi-annual internal control self-assessments that cover summary assessments of the various operations and processes in the company including the finance, information technology, transport operations,

contract logistics operations, freight operations, and other departments.

The Internal Audit work is guided by Audit Plan for period 2013 - 2015. This audit plan is a planned schedule of prioritized audit work based on company-wide risk assessment. The Risk assessment has been challenged and defended before the Audit Committee and have been approved by both the Audit Committee and the Chairman. The Audit Plan for the period in review has been fully implemented and follow-up of completeness will be done in 2014/5.

### **Risk Assessment and Management**

A very detail risk assessment of GWC has been carried out by the Internal Audit Department in liaison with the Management team. Generally, GWC risks have been identified into four classes namely: Strategic Risks, Infrastructure/Operational Risks, Compliance risk and Business Processes; the company's risk management process endures continuous periodical review to ensure risks details are up-to-date and are under adequate control.

Controls are built into the risk management framework and are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. These controls provide reasonable, but not absolute, assurance against material misstatement of management and financial information or against financial losses and fraud. These controls assure that compliance and operations are running as should be.

The BAC also oversees the Internal Audit Department to ensure its functionality. The internal audit have prepared quarterly reports to the BAC as required by of the CG codes

The Board, through the BAC, has conducted an annual review on the company's system of internal control and considers that it is generally adequate and effective. The Board is satisfied that the Company has fully complied with the provisions on internal controls as set out in the CG Code and by the Internal Audit Department. Compliance requirement of CG codes: article- 18

### **Risk Management Principles**

The QFMA code of corporate governance articles 17 & 18 clearly requires the Board to ensure that the company's business running is guided by solid internal controls and risk management process.

The following key principles underpin the current approach to risk management:

1. Our Board of Directors (through the Audit Committee) provides overall risk management supervision for the company as a whole. The Board Audit Committee regularly monitors the company's risk profile.
2. GWC manages Strategic, Compliance & Regulatory, Operational and Business risks in a coordinated manner at all relevant levels within the organization.

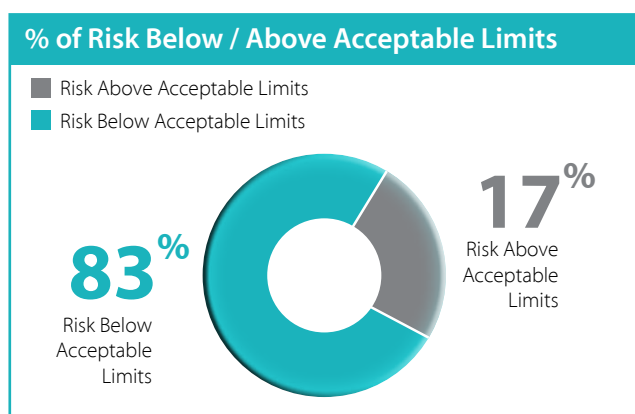
The structure of risk management function is closely aligned with the structure of the Company units. The risk management function is independent of our units or subsidiaries.

### Risk Analysis

For purposes of identification and management, the company's list of risks have been categorized into 4 main groups namely:

1. Strategic Risks;
2. Operation & Infrastructure Risks;
3. Compliance and Regulatory Risks;
4. Business Processes Risks.

A total of 243 risks have been identified and assessed, evaluated and also communicated to the risk owners. The 243 risks mainly relate to business process risks.



### 4. External Audit

The Board has procured the service of Ernst & Young Accounting firm as the external Auditor for the company. The terms and condition of engagement ensures professionalism and independence. The External Auditor has been chosen on the recommendation of the Audit committee and approval of the General Assembly. Compliance requirement of CG codes: article- 19

### 5. Compliance

The function of Compliance is being managed by the Internal Audit department. There is no material non-compliance with any regulatory authority during 2013.

#### D. Investor Relations

##### 1. Communication with Investors

The Company encourages communication with all its investors. Extensive information about the Company's activities is provided in the annual reports which are distributed to shareholders and are also available on the company's website. The company's approach to information dissemination is meant to ensure compliance with CG codes. Compliance requirement of CG codes: article- 21

Regular dialogues are maintained with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Company are welcome and are dealt with in an informative and timely manner. The enquiries can be directed to the Board Secretary via email at the designated mail box: info@gulfwarehousing.com or directly by questions at general meetings of the Company. In order to promote effective communication, the Company maintains a website at www.gulfwarehousing.com to provide:

- Latest-news, announcements, financials reports etc.
- other corporate communication materials, e.g. notices of meetings, circulars, proxy forms, etc.;
- corporate calendar for important shareholders' dates for current financial year; online registration of email alert service for receiving the Company's latest corporate communications; and
- Other information relating to the company and its businesses to the public. Compliance requirement of CG codes: article- 21 & 23

##### 2. Annual General Meeting ("AGM")

The AGM provides an opportunity for the shareholders to seek clarification and to obtain a better understanding of the Company's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The shareholders right to call for a general assembly and place items on the agenda and discuss matters listed on agenda and

address questions and received answers thereupon as well as the right to make informed decisions are all guaranteed in the company's article of association. Compliance requirement of CG codes: article- 24

### 3. External and Internal Auditor

The Board has created an internal audit department and annually submits the appointment of external auditor for the approval of shareholders at the Annual General Assembly. Compliance requirement of CG codes: article- 18 & 19

### 4. Shares Ownership records and details

The Company through the office of Board Secretary maintains details of shares ownership and shareholders contacts in liaison with the Qatar Exchange. The company also maintains an up to date website. Compliance requirement of CG codes: article- 22

### 5. Antifraud Mechanisms

The Board has established anti-fraud policies and has set mechanism that encourages company employees to report to the Board through the Internal Audit Department any suspicious behavior where such behavior is unethical, illegal, or detrimental to the company. Moreover the company has adopted a comprehensive set of Human resources policies that protects the rights of employees in fairness and equity. The company also has a remuneration policy. Compliance requirement of CG codes: article- 29

### 6. Capital Structure and Protection of Minority Interest

The company's capital structures are well guarded in the article of association with limits of individual share ownership. Minority interest protections are also guaranteed. All shareholders have equal levels of treatment in the company i.e. all shares of the same class have same rights attached to them.

The Company's authorized capital is Qr.475,609,750 while the legal reserve is Qr. 231,517,414. The total number of Shares issued is 47,560,975 shares. The shares are all of same class. The share capital structure for the company has been completely disclosed in the company's financial report under notes "Basis of consolidation". Compliance requirement of CG codes: article- 25 & 28

### 7. Shareholders' Rights concerning Board Members' Election and Dividend Policy

The company's article of association and bye laws ensures shareholders make the ultimate approval on who becomes a Director through vote casting; the company also has provisions that allow shareholders recommendation for Directorship. All shareholders have rights to cast their votes for board member's election by cumulative voting. The company has also adopted a dividend policy. Compliance requirement of CG codes: article- 26 & 27

### 8. Disclosures

The company has complied with all disclosure requirements including financial reporting as well as disclosing the shareholdings of Board members as narrated in table 1.1 and table 1.3 of this report. The company's financial reporting has been certified by the External Auditor. Compliance requirement of CG codes: article- 20

### E. General Conclusion

The company has finished compiling its Governance Manual. The manual documents all issues concerning the corporate governance ethics, standards and procedures as well as policies.