

Qatar 2018

Board and Board Committees
Governance Report
for Listed Companies

May 2018



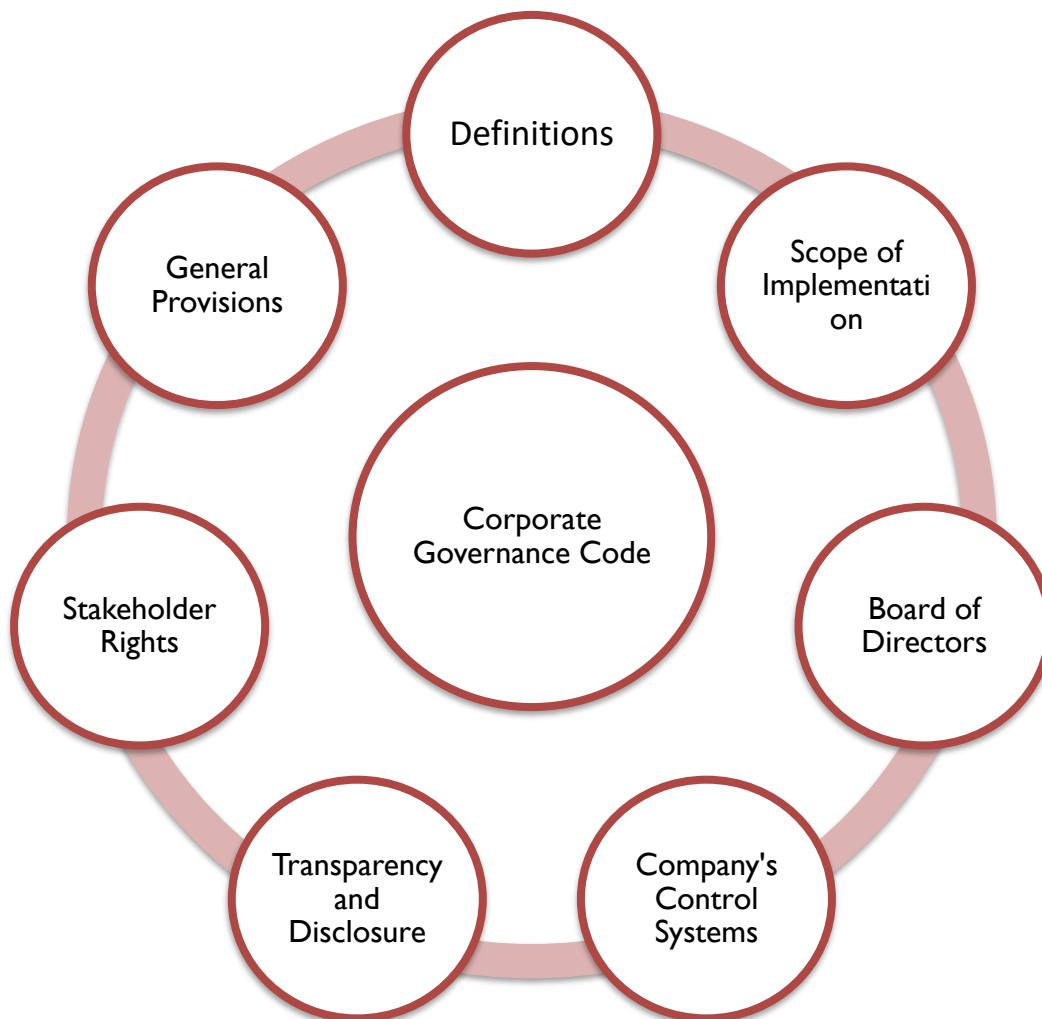
InGovern Research Services

Corporate Governance – Shareholder Activism

INTRODUCTION

Qatar, officially known as State of Qatar, is a sovereign country located in Western Asia. The country with 2017 GDP of estimated US\$ 171 Bn, has population of 2.68 Mn. The Qatar Financial Markets Authority (QFMR) is one of the main regulatory and supervisory entities in Qatari financial sector that supervises, regulates and controls financial markets, its related activities and persons dealing with these markets. The Qatar Stock Exchange, a principal stock market of Qatar, is a member of World Federation of Exchanges. There are 45 companies listed in the QSE.

QFMR issued the latest version of Corporate Governance Code in 2017 for Companies and Legal Entities listed on the Main Market. The key focus areas of the Code are:



EXECUTIVE SUMMARY

The Qatar Financial Markets Authority has drafted and issued “The Governance Code for Companies and Legal Entities Listed on the Main Market” based on the best international and regional codes of governance principles developed by Group of Twenty (G20), Organization for Economic Cooperation and Development (OECD), International Organization for Securities Commission, Bank for International Settlements, International Association of Insurance Supervisors, International Corporate Governance Network, and the unified guiding principles of corporate governance for companies listed on GCC financial markets.

Out of 45 listed companies on the Qatar Stock Exchange, only 21 companies have released their Corporate Governance Report in English version. Hence, this report on compliance of governance principles by Qatari Companies is limited to these 21 companies and as of December 31, 2017.

Some of the key insights of the report are:

	Parameter	Provision of the Code	Insights
Board Composition	Independent Member	One-third of the Board should be independent	10 companies have less than one third of independent members 1 company has not disclosed independence of Board members
	Non-Executive Director	Majority of the Board members should be non-executive	3 companies have not disclosed this information
Prohibition of Combining Positions	Non-Executive Chairman	Chairman of the Board should be non-executive	8 companies have Executive Chairman of the Board
	Committee Chairman	Members are prohibited to chair more than one committee	5 companies have members overlapping the chairmanship of Board and committees
	Audit Committee Chairman	The Chairman of the Audit Committee should not be a member of other committee	5 companies have not complied with this provision
Board Meeting	Meeting Attendance	The Board meeting will be valid if attended by majority provided either Chairman or Vice Chairman attends	10 companies have not disclosed directors' individual attendance in Board meetings. One company had one meeting without presence of Chairman and Vice Chairman
Audit Committee	Independent Chairman	The Chairman of the Audit Committee should be an independent Board member	14 companies doesn't have an independent Board member as Chairman
	Independent members	Majority of the committee members should be independent	12 companies haven't complied with this provision
	Committee Meetings	Committee must convene at least 6 meetings in a year	14 companies have conducted less than 6 meetings

Table of Contents

INTRODUCTION	2
EXECUTIVE SUMMARY	3
COMPANIES LIST	5
1. Board of Directors.....	7
1.1 Independent Members	7
1.2 Non-Executive Directors	8
1.3 Prohibition of Combining Positions	8
1.4 Board Meeting.....	10
1.5 Board Meeting Attendance	10
2. Audit Committee.....	11
2.1 Committee Composition	11
2.2 Committee Meetings	13
3. Nomination Committee.....	14
3.1 Committee Composition	14
3.2 Committee Meetings	14
4. Remuneration Committee	15
4.1 Committee Composition	15
4.2 Committee Meetings	15
5. Annexure.....	17
5.1 Board of Directors.....	17
5.2 Audit Committee	18
5.3 Nomination Committee	19
5.4 Remuneration Committee	20

COMPANIES LIST

Sl.	Company Name	Industry	Ticker	Stock Price (QAR)	MarCap (US\$ Bn)
1	QNB	Banks & Financial Services	QNBK	148.49	37.03
2	Industries Qatar	Industrials	IQCD	111.73	18.25
3	Ezdan Holding	Real Estate	ERES	9.90	7.09
4	Rayan	Banks & Financial Services	MARK	34.85	7.06
5	Qatar Islamic Bank	Banks & Financial Services	QIBK	105.52	6.73
6	Ooredoo	Telecoms	ORDS	74.20	6.42
7	Electricity & Water	Industrials	QEWS	194.20	5.77
8	Mesaieed	Industrials	MPHC	16.63	5.64
9	Comm. Bank of Qatar	Banks & Financial Services	CBQK	35.50	3.88
10	Qatar Fuel	Consumer Goods & Services	QFLS	140.50	3.77
11	Barwa	Real Estate	BRES	34.20	3.59
12	Qatar Insurance	Insurance	QATI	36.00	3.10
13	Doha Bank	Banks & Financial Services	DHBK	26.90	2.25
14	Intl. Islamic Bank	Banks & Financial Services	QIIK	54.35	2.22
15	Nakilat	Transportation	QGTS	14.79	2.21
16	Vodafone Qatar	Telecoms	VFQS	9.00	2.05
17	Aamal	Industrials	AHCS	10.33	1.76
18	Qatar Navigation	Transportation	QNNS	55.99	1.73
19	Ahli Bank	Banks & Financial Services	ABQK	30.00	1.70
20	United Dev. Company	Real Estate	UDCD	14.32	1.37
21	General Insurance	Insurance	QGRI	49.00	1.16
22	The Investors	Industrials	QIGD	33.40	1.12
23	AL Khalij Commercial Bank	Banks & Financial Services	KCBK	11.00	1.07
24	National Cement Co.	Industrials	QNCD	54.00	0.95
25	Gulf International	Industrials	GISS	18.10	0.91
26	Al Meera	Consumer Goods & Services	MERS	135.20	0.73
27	Gulf Warehousing CO.	Transportation	GWCS	41.15	0.65

SI.	Company Name	Industry	Ticker	Stock Price (QAR)	MarCap (US\$ Bn)
28	Mannai Corp	Consumer Goods & Services	MCCS	46.60	0.57
29	Medicare	Consumer Goods & Services	MCGS	65.49	0.50
30	Ind. Manf. Co.	Industrials	QIMD	38.64	0.50
31	Qatar First Bank	Banks & Financial Services	QFBQ	5.75	0.31
32	Widam	Consumer Goods & Services	WDAM	62.35	0.30
33	Zad Holding Company	Consumer Goods & Services	ZHCD	70.00	0.27
34	Mazaya Qatar	Real Estate	MRDS	6.75	0.21
35	Islamic Insurance	Insurance	QISI	50.00	0.20
36	Salam International	Consumer Goods & Services	SIS	5.70	0.18
37	Doha Insurance	Insurance	DOHI	12.98	0.18
38	Investment Holding	Industrials	IGRD	5.69	0.13
39	National Leasing	Banks & Financial Services	NLCS	9.35	0.12
40	Dlala	Banks & Financial Services	DBIS	11.05	0.08
41	Alkhaleej Takaful	Insurance	AKHI	10.90	0.08
42	Qatar Oman	Banks & Financial Services	QOIS	6.60	0.06
43	Islamic Holding	Banks & Financial Services	IHGS	26.01	0.04
44	Cinema	Consumer Goods & Services	QCFS	22.61	0.04
45	Qatar German Co. Med	Consumer Goods & Services	QGMD	5.66	0.02

I. Board of Directors

The Governance Code for Companies listed on Qatar Stock Exchange provides following provisions.

The Code doesn't mandate any minimum limit on the number of members in the Board. As per our analysis of 21 companies, the average Board size is 8.

I.1 Independent Members

The code states that at least one third of the Board members should be Independent Directors.

However 10 companies have less than prescribed limit of Independent Directors. Also, **Mannai Corporation** has not disclosed the Independence status of its Board Members.

Sl.	Company Name	Percentage of Independent Members
1.	Industries Qatar	0%
2.	Qatar Islamic Bank	0%
3.	Mesaieed	0%
4.	Qatar Insurance	0%
5.	Aamal	0%
6.	Gulf International	0%
7.	Ahli Bank	13%
8.	Doha Bank	22%
9.	Nakilat	29%
10.	AL Khalij Commercial Bank	29%
11.	Mannai Corp	INA

I.2 Non-Executive Directors

The majority of the Board should comprise of Non-Executive Board members.

All the Companies have majority of Non-Executive Board Members. However, following three have not provided any such information:

SI.	Company Name
1.	Industries Qatar
2.	Mesaieed
3.	Gulf International

I.3 Prohibition of Combining Positions

(a) As per the Governance Code, it is prohibited for the Chairman of the Board to hold any other executive position in the Company.

The following eight companies have an Executive Chairman for their Board of directors:

SI.	Company Name
1.	Industries Qatar
2.	Qatar Islamic Bank
3.	Comm. Bank of Qatar
4.	Qatar Insurance
5.	Doha Bank
6.	General Insurance
7.	The Investors
8.	AL Khalij Commercial Bank

- (b) The Chairman of the Board should not hold any membership in any of the aforementioned committees i.e. Audit Committee, Nomination Committee, and Remuneration Committee.

The following two companies have not complied with this provision:

Sl.	Company Name	Membership at other Committee
1.	Vodafone Qatar	Nomination Committee
2.	Ahli Bank	Nomination and Remuneration Committee

- (c) The Code also prohibits members to chair more than one committee formed by the Board.

The following 5 companies have members chairing more than one committee:

Sl.	Company Name	Chairmanship
1.	Doha Bank	Nomination Committee, Remuneration Committee
2.	Vodafone Qatar	Board of Directors, Nomination Committee
3.	Ahli Bank	Board of Directors, Nomination Committee
4.	Doha Insurance	Nomination Committee, Investment Committee
5.	Aamal	Remuneration Committee, Audit Committee, Executive Committee

I.4 Board Meeting

The Code provides that the Board must convene at least six meetings in a year, with a maximum gap of 3 months.

Only one company, **Industries Qatar**, has convened less than six meetings (i.e., 5 meetings) stating the provision mentioned in its Article of Association as the reason for non-compliance.

I.5 Board Meeting Attendance

The Board meeting shall be deemed valid only if attended by majority of its members provided either Chairman or Vice-Chairman also attends the meetings.

12 companies have not disclosed individual attendance details of their Board meetings:

Sl.	Company Name	Sl.	Company Name
1.	QNB	7.	General Insurance
2.	Industries Qatar	8.	Gulf International
3.	Qatar Islamic Bank	9.	Al Meera
4.	Mesaieed	10.	Mannai Corp
5.	Comm. Bank of Qatar	11.	Qatar First Bank
6.	Nakilat	12.	Mazaya Qatar

Also, the last board meeting of **Vodafone Qatar** was not attended either by its Chairman or Vice Chairman.

2. Audit Committee

2.1 Committee Composition

- a) The Company must form an Audit Committee to be chaired by an Independent Board Member along with a membership of at least two members.*

14 companies out of our list of 21 don't have an Independent Board Member as Audit Committee Chairman:

Sl.	Company Name
1.	Industries Qatar
2.	Qatar Islamic Bank
3.	Mesaieed
4.	Qatar Insurance
5.	Doha Bank
6.	Nakilat
7.	Vodafone Qatar
8.	Aamal
9.	Ahli Bank
10.	AL Khalij Commercial Bank
11.	Gulf International
12.	Al Meera
13.	Mannai Corp
14.	Doha Insurance

Also, one company **Qatar Islamic Bank** has only two members in its Audit Committee.

* It has been comprehended the requirement of at least three members in Audit committee including chairman and two other members.

b) The majority members in the Audit Committee should be Independent members.

12 companies don't have majority Independent members in their Audit Committees:

SI.	Company Name	SI.	Company Name
1.	Industries Qatar	7.	Aamal
2.	Qatar Islamic Bank	8.	Ahli Bank
3.	Mesaieed	9.	AL Khaliq Commercial Bank
4.	Qatar Insurance	10.	Gulf International
5.	Nakilat	11.	Al Meera
6.	Vodafone Qatar	12.	Mannai Corp

However one company, **QNB**, has not disclosed any information about independence of its committee members.

c) The Code also states that the Chairman of the Audit Committee should not be a member at any other committee.

However, following 5 companies have their Audit Committee Chairmen as member on other committees:

SI.	Company Name	Membership at other committee
1.	Qatar Islamic Bank	Nomination & Remuneration Committee
2.	Qatar Insurance	Remuneration Committee
3.	Vodafone Qatar	Nomination Committee
4.	Al Meera	Nomination & Remuneration Committee
5.	Mannai Corp	Nomination Committee Remuneration Committee

2.2 Committee Meetings

The Audit Committee must convene at least 6 meetings in a year.

The Audit Committees of 12 companies met less than 6 times in FY 2017:

Sl.	Company Name	Number of Meetings
1.	Industries Qatar	4
2.	Qatar Islamic Bank	5
3.	Mesaieed	4
4.	Nakilat	5
5.	Vodafone Qatar	3
6.	Ahli Bank	5
7.	AL Khaliq Commercial Bank	4
8.	Gulf International	4
9.	Al Meera	5
10.	Mannai Corp	5
11.	Qatar First Bank	4
12.	Doha Insurance	4
13.	Qatar Insurance	Not disclosed
14.	Aamal	Not disclosed

Qatar Insurance and Aamal are the two companies which have not disclosed these details in their annual reports.

However, some of these companies have stated in their Corporate Governance Report, that they will comply with these regulations from next financial year.

3. Nomination Committee

3.1 Committee Composition

The Governance Code provides that the Companies must form a Nomination committee to be chaired by a Board member and a membership of at least two members.*

All the 21 companies have the Board member as Chairman of their Nomination Committees.

Only two companies, **Qatar Islamic Bank** and **Aamal**, have their Nomination Committees comprised of only two members.

* It has been comprehended the requirement of at least three members in Audit committee including chairman and two other members.

3.2 Committee Meetings

The Code doesn't provide any provision on the minimum number of meetings to be conducted by Nomination Committee.

While 4 companies didn't disclose the number of meetings convened, one didn't convene any meeting at all.

Sl.	Company Name	Number of Meetings
1.	Vodafone Qatar	0
2.	Aamal	Not Disclosed
3.	The Investors	Not Disclosed
4.	Mannai Corp	Not Disclosed
5.	Mazaya Qatar	Not Disclosed

4. Remuneration Committee

4.1 Committee Composition

Similarly as Nomination Committee, the Remuneration Committee must also be chaired by a Board member along with a membership of at least two.*

All the 21 companies in our analysis have complied with this provision.

* It has been comprehended the requirement of at least three members in Audit committee including chairman and two other members.

4.2 Committee Meetings

The Code doesn't provide any provision on the minimum number of meetings to be conducted by Remuneration Committee.

All companies have conducted at least one meeting; except the following five companies, which have not disclosed this information:

Sl.	Company Name
1.	Mesaieed
2.	Qatar Insurance
3.	Aamal
4.	Mannai Corp
5.	Doha Insurance

The Code also allows the companies to combine the Nomination Committee and Remuneration Committee into one Nomination and Remuneration Committee (NRC).

The following 11 companies out of 21 have formed one NRC:

Sl.	Company Name
1.	QNB
2.	Qatar Islamic Bank
3.	Comm. Bank of Qatar
4.	Ahli Bank
5.	General Insurance
6.	The Investors
7.	AL Khalij Commercial Bank
8.	Gulf International
9.	Al Meera
10.	Qatar First Bank
11.	Mazaya Qatar

5. Annexure

5.1 Board of Directors

Sl.	Company Name	Number of Directors	NED	ID	Chairman as Executive	Chairman as member of committee	Meetings
1.	QNB	10	10	4	No	No	6
2.	Industries Qatar	7	INA	0	Yes	No	5
3.	Qatar Islamic Bank	9	8	0	Yes	No	9
4.	Mesaieed	7	INA	0	No	No	10
5.	Comm. Bank of Qatar	9	5	4	Yes	No	6
6.	Qatar Insurance	11	11	0	Yes	No	7
7.	Doha Bank	9	5	2	Yes	No	6
8.	Nakilat	7	7	2	No	No	6
9.	Vodafone Qatar	9	8	3	No	Nomination	6
10.	Aamal	6	5	0	No	No	8
11.	Ahli Bank	8	5	1	No	NRC	6
12.	General Insurance	9	8	4	Yes	No	7
13.	The Investors	5	4	3	Yes	No	7
14.	AL Khalij Commercial Bank	7	6	2	Yes	No	6
15.	Gulf International	7	INA	0	No	No	7
16.	Al Meera	7	7	4	No	No	7
17.	Gulf Warehousing CO.	9	9	4	No	No	9
18.	Mannai Corp	10	9	INA	No	No	6
19.	Qatar First Bank	10	9	3	No	No	12
20.	Mazaya Qatar	8	7	4	No	No	8
21.	Doha Insurance	11	11	8	No	No	7

INA: Information Not Available

5.2 Audit Committee

Sl.	Company Name	Members	Independent Chairman	Independence	Meetings	Chairman (AC) as member at other committee
1.	QNB	3	INA	INA	8	No
2.	Industries Qatar	3	No	No	4	No
3.	Qatar Islamic Bank	2	No	No	5	NRC
4.	Mesaieed	3	No	No	4	No
5.	Comm. Bank of Qatar	3	Yes	Yes	7	No
6.	Qatar Insurance	4	No	No	INA	Remuneration
7.	Doha Bank	3	No	Yes	6	No
8.	Nakilat	3	No	No	5	No
9.	Vodafone Qatar	3	No	No	3	Nomination
10.	Aamal	3	No	No	INA	No
11.	Ahli Bank	3	No	No	5	No
12.	General Insurance	3	Yes	Yes	6	No
13.	The Investors	3	Yes	Yes	6	No
14.	AL Khalij Commercial Bank	3	No	No	4	No
15.	Gulf International	3	No	No	4	No
16.	Al Meera	5	No	No	5	NRC
17.	Gulf Warehousing CO.	3	Yes	Yes	6	No
18.	Mannai Corp	4	No	No	5	N & R
19.	Qatar First Bank	4	Yes	Yes	4	No
20.	Mazaya Qatar	3	Yes	Yes	6	No
21.	Doha Insurance	3	No	Yes	4	No

INA: Information Not Available

5.3 Nomination Committee

Sl.	Company Name	Members	Board members as Chairman	Meetings
1.	QNB	3	Yes	4
2.	Industries Qatar	Not formed	Not formed	Not formed
3.	Qatar Islamic Bank	2	Yes	1
4.	Mesaieed	Not formed	Not formed	Not formed
5.	Comm. Bank of Qatar	4	Yes	9
6.	Qatar Insurance	Not formed	Not formed	Not formed
7.	Doha Bank	3	Yes	2
8.	Nakilat	3	Yes	1
9.	Vodafone Qatar	4	Yes	0
10.	Aamal	2	Yes	INA
11.	Ahli Bank	3	Yes	4
12.	General Insurance	3	Yes	2
13.	The Investors	3	Yes	INA
14.	AL Khalij Commercial Bank	3	Yes	2
15.	Gulf International	3	Yes	3
16.	Al Meera	4	Yes	2
17.	Gulf Warehousing CO.	3	Yes	1
18.	Mannai Corp	3	Yes	INA
19.	Qatar First Bank	4	Yes	3
20.	Mazaya Qatar	3	Yes	INA
21.	Doha Insurance	3	Yes	2

INA: Information Not Available

5.4 Remuneration Committee

Sl.	Company Name	Members	Board member as Chairman	Meeting
1.	QNB	Same	Same	Same
2.	Industries Qatar	3	Yes	1
3.	Qatar Islamic Bank	Same	Same	Same
4.	Mesaieed	3	Yes	INA
5.	Comm. Bank of Qatar	Same	Same	Same
6.	Qatar Insurance	3	Yes	INA
7.	Doha Bank	3	Yes	3
8.	Nakilat	3	Yes	2
9.	Vodafone Qatar	4	Yes	1
10.	Aamal	3	Yes	INA
11.	Ahli Bank	Same	Same	Same
12.	General Insurance	Same	Same	Same
13.	The Investors	Same	Same	Same
14.	AL Khalij Commercial Bank	Same	Same	Same
15.	Gulf International	Same	Same	Same
16.	Al Meera	Same	Same	Same
17.	Gulf Warehousing CO.	3	Yes	1
18.	Mannai Corp	4	Yes	INA
19.	Qatar First Bank	Same	Same	Same
20.	Mazaya Qatar	Same	Same	Same
21.	Doha Insurance	4	Yes	INA

INA: Information Not Available

*'Same' indicates companies having one committee named Nomination and Remuneration Committee

ABOUT INGOVERN

InGovern is a global independent corporate governance research and advisory firm which assists shareholders and lenders that have financial or reputation exposure to companies. InGovern also assists companies in enhancing their corporate governance practices.

OUR SERVICES

Corporate Governance Research

- ✚ Bespoke governance research and analysis of companies
- ✚ Annual governance evaluations of companies through 'Governance Radar' proprietary framework
- ✚ Periodic Publication of special reports on corporate governance practices adopted

Corporate Governance Advisory

- ✚ Advisory to companies on enhancing their CG edifice by analyzing their existing corporate governance practices
- ✚ Benchmarking company practices with best practices
- ✚ Peer comparison of governance practices
- ✚ Diagnostic and Action Plan of governance practices
- ✚ Customized education and sensitization of Board and senior management on governance matters

Proxy Advisory

- ✚ Voting Recommendations: Helping clients take informed voting decisions for shareholder meetings – AGMs, EGMs, Postal Ballots and CCMs
- ✚ 'Corporate Governance Alert' on interesting company proposals
- ✚ Publication of Annual Proxy Season Report

Shareholder Activism

- ✚ Advising clients (investors and companies) on solutions for value enhancement
- ✚ Helping companies to connect with investors on voting decisions for shareholder meetings
- ✚ Communicating governance practices through market leading Investor Relations initiatives and white papers
- ✚ Advising companies on strategies, solutions and tools to enhance investor perception and enhance value for all stakeholders

Disclaimer: This report is proprietary and may not be reproduced in any manner without the written permission of InGovern Research Services Pvt. Ltd. ("InGovern"). While we have taken due care and caution in the compilation and presentation of the information and data in this report, no warranty is made as to the completeness, accuracy or utility of this analysis.

Contact:

+(91) 80 2258 2111
info@ingovern.com
www.ingovern.com

© InGovern Research Services Private Limited