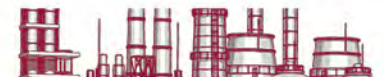




# INDUSTRIES QATAR CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011



### Introduction:

Industries Qatar (IQ) is a publicly listed company in Qatar Exchange. It was established as per its Articles of Association and Commercial Companies Law number 5 of the year 2002 especially under Article 68 of the Law which allows companies established under this article not to be subject to the provisions of Commercial Companies Law except to the extent that it does not contradict the positions and agreements made upon its establishment as well as to the provisions stipulated in its Articles of Association and Statute.

As per the Company's (IQ) objective to comply with corporate governance standards and to adopt best industry practices, the Company aims to comply with its own governance framework and policies and procedures.

Taking into consideration Article 2 of the QFMA corporate governance code which are based on "comply, or explain the reasons for non-compliance", the Company has developed the following corporate governance report for the year 2011:





### A. Governance Framework:

#### A.1. Members of the Board

Board Member Name	Date of Appointment	Position on the Board	Experience and Other Board Seats Held
HE Dr. Mohamad Bin Saleh Al Sada	February 15, 2011	Chairman and Managing Director	Minister of Energy and Industry Chairman and Managing Director of Qatar Petroleum
Hamad Rashed Al- Mohannadi	April 26, 2003	Vice-Chairman	Vice Chairman of Qatar Petroleum CEO of Ras Laffan Liquefied Natural Gas
Fahed Hamad Al- Mohannadi	April 26, 2003	Member	Member of the board of Qatar Petroleum General Manager of Qatar Electricity and Water
Nasser Khalil Al- Jaidah	February 15, 2011	Member	Member of the board of Qatar Petroleum CEO and Board Member of Qatar Petroleum International
Saad Sherida Al-Kaabi	February 15, 2011	Member	Member of the board of Qatar Petroleum Director of oil and gas in Qatar Petroleum
Khalifa Abdullah Al-Suwaidi	February 15, 2011	Member	Member of the board of Qatar Petroleum Chief Executive Officer of Qatar Fertilizers Company (QAFCO)
Issa Hilal Al-Kuwari	February 15, 2011	Member	Member of the board of Qatar Petroleum Chairman of Qatar General Electricity and Water

During the year 2011, the Board has performed the tasks and dispensed business decisions within its authorities as provided in the Board's Charter. The Board is satisfied that it has discharged its obligations and fulfilled its mandate as set out in its Charter.





### A.2. Board Committees

The Company has formed the Board Audit Committee (BAC). The BAC will be responsible for reviewing the Company's financial statements, work of external and internal audit, and other related aspects of the Company as detailed in the Company's Corporate Governance Framework.

### A.3. Remuneration Policies

#### A.3.1 Board Remuneration

The remuneration of the members of the Board of Directors of the Company is determined by the General Assembly of the Company.

#### A.3.2 Senior Management Remuneration

There are certain functions such as Internal Audit, Finance, HR, etc which are outsourced by QP to IQ. Any services provided by QP to IQ are documented in the services order which is covered in the Service Legal Agreement between QP and IQ. The Chief Coordinator is the only executive/senior manager of IQ and his remuneration is decided by the IQ Board.

### A.4. Internal Control Framework

The general objective of the internal control procedures of the Company is to safeguard its assets and capital and to ensure the reliability of Company's and its subsidiaries' financial recordkeeping. The Company has adopted a process of internal controls that allows the Management to detect errors in procedures or financial recordkeeping. QP is outsourcing its certain departments such as finance and internal audit departments which supports IQ in establishing a strong internal control framework.

The Internal Control Framework is overseen by the Board to discuss the internal control related issues among other issues. QP's Internal Audit Department provides periodic reports to the IQ Board.





Following are the summary of the key components of the internal control framework adopted by the Company:

### 1. Risk Management

IQ has developed a Risk Management Policy in line with international practices.

### 2. Audit

QP has an established internal audit function which conducts audits for IQ as per the service agreement. QP's Internal Audit reports its findings and recommendations and the progress against the Internal Audit Plan to the IQ's Board.

The external auditor provides assurance that the financial statements give a true and fair view of the financial statements. The external auditor is appointed by the General Assembly based on the Board's recommendation and reports significant financial issues noted and provides a management letter on the financial controls in place.

### 3. Compliance

QP's Compliance services has been outsourced to IQ. Their main responsibility to IQ is to assist the Board of Directors and Company's Management to comply with QFMA Corporate Governance Code and Rules and Regulations in so far as it is applicable to the Company and to control the Compliance risks to prevent the Company from suffering as a result of its failure to comply. Compliance risks include risk of legal or regulatory sanctions, material financial loss, or loss to reputation.





### B. QFMA Compliance

#### A.1. Members of the Board

Sl. No.	Bullet No.	Article 1 - Definitions	Comment/Management's Response
1	NA	Definitions as per the QFMA code	The Company has adopted the relevant definitions in its Corporate Governance Framework.
Sl. No.	Bullet No.	Article 2 - Comply or Clarify	Comment/Management's Response
1	2.1	Corporate Governance Report is prepared in compliance with QFMA Corporate Governance Code and provides explanations for items not complied with and the reasons and the rationale for non compliance.	This report is prepared to comply with QFMA Corporate Governance Code or explain for non-compliance.
Sl. No.	Bullet No.	Article 3 - The Company's Obligation to Comply	Comment/Management's Response
1	3.1	The Board shall ensure that the company complies with the principles set out in the QFMA corporate governance code. The board shall also review and update its corporate governance practices.	The Board has approved the Corporate Governance Framework which derived the principles set out in the QFMA Corporate Governance Code. The Board also reviews and updates its corporate governance practices.
	3.2	The Board shall regularly review and update the professional conduct rules for the Board, staff and advisors.	The Company has developed a code of ethics approved by the Board to govern professional conduct.





Sl. No.	Bullet No.	Article 4 - Board Charter	Comment/Management's Response
1	NA	The Board shall make sure that the Company adopts a Board Charter.	The Company has developed a Board Charter approved by the Board.
2	NA	The Board Charter shall include provisions included in Annex 2 of the QFMA Code.	The Company has developed a Board Charter approved by the Board which includes provisions included in Annex 2 of the QFMA Code.
3	NA	The Board Charter shall be published and made available to the public.	The Board Charter is included in the Corporate Governance Framework.

Sl. No.	Bullet No.	Article 5 - Board Mission and Responsibilities	Comment/Management's Response
1	5.1	The Company shall be managed by an effective Board of Directors which shall be individually and collectively responsible for the proper management of the Company.	The Board of Directors is individually and collectively responsible for the proper management of the Company.
2	5.2.1	Board approves Company's strategic objectives.	As per the Company's Board Charter, strategic objectives are to be approved by the Board.
3	5.2.1	Board appoints and replaces management and sets forth their compensation.	There are certain functions such as Internal Audit, Finance, HR, etc. that are outsourced by IQ to QP. Any services provided by QP to IQ are documented in the services order which is covered in the Service Level Agreement between QP and IQ. The Chief Coordinator is the only executive/senior manager of IQ and his remuneration is decided by IQ's Board.







Sl. No.	Bullet No.	Article 5 - Board Mission and Responsibilities	Comment/Management's Response
4	5.2.1	Board reviews management's performance.	QP Policies and Procedures will be followed in this regard. As for the Chief Coordinator, the Board reviews his performance based on Chief Coordinator's Roles and Responsibilities as defined in the Corporate Governance framework.
5	5.2.1	Board ensures management succession planning is in place.	The Management succession planning is in place and the same is included in the Corporate Governance Policies approved by the Board of Directors.
6	5.2.2	Board reviews compliance to rules and regulations including articles of association.	QP's Internal Audit Department reports major findings on IQ audit and any non-compliance of rules and regulations to the Board
7	5.3	Delegations to special committees are done through clear written instructions.	The Company has formed the BAC. The written Terms of Reference of the BAC included in the Corporate Governance Framework explains the Committee's composition, roles and responsibilities, meeting frequency and authorities.
Sl. No.	Bullet No.	Article 6 - Board Members' Fiduciary Responsibilities	Comment/Management's Response
1	6.1 to 6.3	Board Members comply with the QFMA Code and Company Board Charter including rules set out in related laws and regulations. Members should act with diligence, care and loyalty and shall act effectively to fulfill their responsibilities towards the company.	IQ's Board Charter includes the areas of accountability, transparency, fairness, sustainability and confidentiality. These areas cover the required compliance.







Sl. No.	Bullet No.	Article 7 - Separation of Chairman and Managing Director	Comment/Management's Response
1	7.1 & 7.2	Same person may not act as Chairman and Managing Director. No unfettered powers to take decisions by one person.	The Company has a Chief Coordinator appointed by the Board who has the role of executive management. Qatar Petroleum holds 70% share in Industries Qatar. Where necessary, day to day matters are referred to the Managing Director. All decisions are taken by the Board through the Chairman who is also the Managing Director. No unfettered powers to take decisions rest with one person.
Sl. No.	Bullet No.	Article 8 - Duties of the Chairman	Comment/Management's Response
1	8.1	Chairman ensures Board members receive timely complete and accurate information	Chairman ensures Board members receive timely complete and accurate information
2	8.2	Chairman is not a member of Board Committees (Audit Committee, Nominations Committee or Remuneration Committee).	The Company has formed the BAC. The Chairman of the Board is not a member of the BAC.
3	8.3	Chairman's Job Description includes the duties and responsibilities detailed in article 8.3.	The company Chairman's Job Description includes the duties and responsibilities detailed in article 8.3.





Sl. No.	Bullet No.	Article 9 - Board Composition	Comment/Management's Response
1	9.1	Board shall include executive, non-executive and independent board members.	<p>The establishment of the company is in accordance with Article (68) of the Commercial Companies Law No. 5 of 2002, which allows the company to follow its constitution. Accordingly, the Board of Directors comprise of up to seven members and Qatar Petroleum is entitled to appoint all of them, taking into account the following:</p> <ol style="list-style-type: none"> <li>1. The contribution of Qatar Petroleum in the capital of the company is 70%.</li> <li>2. Qatar Petroleum provides all financial, legal, IT, administrative and other services to the company under the service agreement. These services are provided as and when required thereby fully supporting the operations of Industries Qatar.</li> <li>3. Adoption by Industries Qatar and its subsidiaries of QP services in terms of values and infrastructure.</li> <li>4. The financial and operational performance of the company is closely linked to Qatar Petroleum.</li> </ol>
2	9.2	At least one third of the Board members are independent and majority shall be non-executives.	
3	9.3	The Board members shall have adequate expertise and knowledge and shall give sufficient time and attention.	The Company Board members have adequate expertise and knowledge and gives sufficient time and attention.





Sl. No.	Bullet No.	Article 10 - Non- Executive Board Members	Comment/Management's Response
1	10.1	The duties of Non-Executive board members should include the duties detailed in article 10.1 of the QFMA Corporate Governance Code.	The Job Descriptions of the Board of Directors included in Corporate Governance Framework include duties detailed in Article 10.1 of the QFMA Corporate Governance Code.
2	10.2	Independent consultancy can be requested by a majority approval of Non-Executive Board Members.	This requirement is included in the Terms of Reference of the Board in the Corporate Governance Framework.
Sl. No.	Bullet No.	Article 11 - Board Meetings	Comment/Management's Response
1	11.1	Board meets at least 6 times per year.	The Board Audit Committee (BAC) comprising of Board members will meet on a quarterly basis. The BAC will flag all issues to the Board on a regular basis. As per the current practice followed by IQ, the IQ Group companies submit their Business Plan and Growth strategy to IQ. IQ gives guidance to the Group companies on their Business plan and Growth strategy. The primary responsibility therefore rests with the IQ Group companies. In future, when IQ takes the primary responsibility, the IQ Board will meet more frequently. The Board of Directors of the company is appointed by Qatar Petroleum. QP closely monitors IQ group companies' performance on a regular basis. QP practices are followed by IQ Board members. Due to all of the above, the IQ BOD meets only 4 times during the year.
2	11.2	Board meeting is called by the Chairman or two of the board members. Invitation and Board Agenda is submitted at least one week before the meeting.	All the meetings of the Company's Board are held under notice from the Chairman or in his absence from the Vice-Chairman or any two Directors duly authorized by the Chairman, with the invitation sent to every member of the Board not less than 15 days prior to the proposed date of such meeting.





Sl. No.	Bullet No.	Article 12 - Board Secretary	Comment/Management's Response
1	12.1 & 4	The Board has appointed a secretary (through resolution) for Board administrative matters, timely access of information and coordination of Board members and coordination among the stakeholders and the Board including secretarial functions.	QP has appointed a secretary for the IQ Board. All functions detailed in Article 12 are included in the TOR of Board Secretary in the Corporate Governance Framework.
2	12.2	Board members have access to Board Meeting Documentation through secretary.	As per the Board Terms of Reference, the Secretary maintains Board Documentation and distributes the same to the Board Members.
3	12.3	Board Secretary provides services/advises to all Board Members.	While the Board Secretary reports directly to the Chairman, all members have access to the secretary's services.
4	12.4	The Board Secretary may only be appointed or removed by a Board resolution.	The Board Secretary was appointed by QP in accordance with the Articles of Association.
5	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.	The profile of the Board secretary is in accordance with QFMA Corporate Governance Code.





Sl. No.	Bullet No.	Article 13 - Conflict of Interest and Insider Trading	Comment/Management's Response
1	13.1	The Company has Related Party Policy which is made public.	The Related party policy including the Conflict of Interest and Insider Trading policy is included in the Corporate Governance Framework approved by the Board. All Related party transactions including the terms are disclosed in the notes to accounts of the Financial statements which is made available to the public.
2	13.1	Related party transactions are approved by a majority of shareholders without the related party participating in the voting.	If a board member has a conflict he does not participate in the meeting.
3	13.2	Board members do not participate in meeting where they have a conflict of interest or are related to the transaction.	If a board member has a conflict he does not participate in the meeting.
4	13.3	In case where transactions with related parties exist, these must be disclosed in the annual report of the company, and specifically referred to in the General Assembly meeting following the commercial transactions.	The company has disclosed all Related party transactions in the notes to the Financial statements which will be circulated to the shareholders at the General Assembly meeting.
5	13.4	Board Member trading in company shares shall be disclosed. An Insider Trading Policy by Board Members and Employees will be adopted.	Insider Trading Policy is included in the Corporate Governance framework approved by the Board.





Sl. No.	Bullet No.	Article 14 - Other Board Practices and Duties	Comment/Management's Response
1	14.1	The Board has access to all company documents.	As per the Board's Charter, Board Members have full and immediate access to information, documents, and records pertaining to IQ.
2	14.2	Remuneration, Nomination and Audit Committee members, Internal Audit and representative of External Auditors attend the General Assembly meeting.	Representatives of the External Auditors attend general assembly meeting. The audit committee members and internal audit shall also attend the General assembly meeting.
3	14.3	An induction program for newly appointed members is in place, members responsibilities clearly discussed upon joining.	The Corporate Governance Framework includes guidelines on BOD induction program and formal trainings to comply with the QFMA Corporate Governance Code.
4	14.4	Board will adopt a formal training to enhance Board Member's knowledge.	The Corporate Governance Framework includes guidelines on BOD induction program and formal trainings to comply with the QFMA Corporate Governance Code.
5	14.5	Board will be kept up to date on CG directly or through Audit/ Governance Committee.	The Chief Coordinator keeps the Board up to date on changes in governance requirements.
6	14.6	The AoA of the Company will include procedures for removing members who fails to attend meetings.	The AoA of the Company includes procedures for removing members who fails to attend meetings.





Sl. No.	Bullet No.	Article 15 - Appointments and Nomination Committee	Comment/Management's Response
1	15.1	Formal, rigorous and transparent Board Appointment Procedures are in place.	Due to the establishment of the company in accordance with Article (68) of the Commercial Companies Law No. 5 of 2002 which allows the company to follow its constitution, all of the seven members of the Board are appointed by Qatar Petroleum by virtue of many factors listed in explanations against Article 9.2.
2	15.2	Company must have a Nomination Committee chaired by an Independent Board member and comprised of Independent Board Members.	
3	15.3	Nomination Process/ Assessment of Board Members in accordance with Annex 1 of QFMA.	The Nomination process/assessment of Board members is covered in the Board Terms of Reference in accordance with Annex 1 of QFMA.
4	15.4	Nomination Committee TOR is published.	Not applicable.
5	15.5	Annual Self Assessment Process is in place.	The Board Self assessment is carried out in accordance with the Self assessment worksheet of the Corporate Governance policy.







Sl. No.	Bullet No.	Article 16 - Remuneration	Comment/Management's Response
1	16.1	Remuneration Committee to comprise of 3 non-executives, majority independent.	The Board remuneration is approved by the General Assembly based on the Board recommendation. Chief Coordinators remuneration is approved by the BOD.
2	16.2	TOR is published.	
3	16.3 to 16.5	Remuneration Policy presented to the General Assembly, made public and responsibilities to be considered for fixing remuneration.	The Company has developed a Corporate Governance Policies Manual approved by the board which includes a section on the BOD's Remuneration policy.





Sl. No.	Bullet No.	Article 17 - Audit Committee	Comment/Management's Response
1	17.1	Audit Committee to comprise of 3 members, majority being independent. One member should be with Financial and audit experience and Chairman should be independent.	The Company has formed the Board Audit Committee (BAC). The BAC will comprise of 3 members and the Chairman of the Board will not be a member of the BAC. QP appoints the Board members for reasons mentioned in Section 9.2 above and the Board Audit Committee is appointed by the IQ Board.
2	17.2	An external auditor of the company for the past two years cannot be members.	The Audit Committee will not include a member who has been an external auditor of the company for the past two years.
3	17.4	The Audit Committee meets at least quarterly and has minutes of meetings.	The Company has formed the BAC The provisions on meetings have been included in the Corporate Governance framework.
4	17.5	Disagreements between the committee and the Board are noted in the Governance Report.	Disagreements between the committee and the Board are noted in the Governance Report.
5	17.6, 17.6.1 to 17.6.17	Terms of Reference of BAC.	The Terms of reference of the board audit committee has been included in the corporate governance framework and is in accordance with the QFMA Code.
6	17.6	Adopt a policy for external auditors.	Policy for external auditors has been adopted as part of IQ's AoA.
7	17.6	Meet at least once a year with the external auditor.	The external auditor is present at the Annual General Assembly and at the Board meeting for adopting the audited accounts.
8	17.6	Develop whistle blowing rules.	The Corporate Governance framework includes a section on the whistle blowing rules.





Sl. No.	Bullet No.	Article 18 - Compliance, Internal Control and Internal Auditor	Comment/Management's Response
1	18.1	The Internal Control System is adopted by the Company and approved by the Board.	QP is outsourcing to IQ its certain departments such as finance and internal audit departments which support in establishing a strong internal control framework.
2	18.2	Company conducts Risk Assessments.	The company has developed a Risk Management Policy in line with leading practices. The Risk assessment will be carried out in accordance with the policy.
3	18.3	Company has an internal audit function with clearly defined functions and roles.	IQ depends on QP's internal audit function. The function performs internal audits of Internal control system, submits reports to the board, has access to all activities and is independent with appropriate trained and competent staff.
4	18.4	Internal Audit Function shall include at least one auditor who is appointed by the Board and reports to the Board.	QP has an Internal Audit Function which provides services to IQ. The internal Audit Function report directly to the IQ's Board and is appointed by the Board.





Sl. No.	Bullet No.	Article 18 - Compliance, Internal Control and Internal Auditor	Comment/Management's Response
5	18.5	<p>Audit Reports should include relevant information detailed in Article 18.5.</p> <ul style="list-style-type: none"> <li>Control &amp; oversight procedures of financial affairs, investments and risk management.</li> <li>Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes.</li> <li>Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board.</li> <li>Internal Control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements).</li> <li>The Company's compliance with applicable market listing and disclosure rules and requirements.</li> <li>The Company's compliance with Internal Control systems in determining and managing risk.</li> <li>All relevant information describing the Company's risk management operations.</li> </ul>	<p>QP's Internal Audit Reports are prepared in accordance with the Institute of Internal Audit Standards. Part of Internal Audit duties is to review the compliance of the Company to various regulations and to review the internal controls of the Company.</p> <p>QP's Internal Audit Department raises audit reports to IQ Board to highlight control weaknesses including results on evaluation of risks &amp; systems in place. In addition, IQ management receives the report to take corrective action.</p> <p>Internal audit carries out internal audit to identify internal control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance. These issues are reported to the Management for their action and also shared with Board for further decision. The Company has existing policies and procedures to avoid internal control failures. Compliance to these policies and procedures are also checked during internal audits.</p> <p>The Internal auditors are also responsible for checking the Company's compliance with applicable market listing and disclosure rules and requirements. Deficiencies noted are reported to the Management for their action and Board for its information and necessary action.</p>
6	18.6	Audit Reports prepared every quarter.	Follow-up of previous year audit issues are done on the agreed timeframe. One (1) report has been issued in 2011.





Sl. No.	Bullet No.	Article 19 - External Auditor	Comment/Management's Response
1	19.1	Appointed external auditor does annual and semiannual audits.	External auditor conducts semi annual audits and quarterly reviews.
2	19.2	External Auditor is independent from the Company and the Board.	The external auditor is independent from the Company and the Board. During the year 2010, the Company had engaged the Management Consultancy division of the External audit firm which is separate from the External audit division conducting the Company's audit, to provide consultancy services in the preparation of the Corporate Governance framework for the Company.
3	19.3	External Auditor attends AGM.	Complied.
4	19.4	External Auditor raises any concerns to regulatory authority, if no action is taken by Board.	Complied.
5	19.5	External Auditor is rotated every 3 years.	The company will comply with the rotation requirements of the Qatar Financial Markets authority.





Sl. No.	Bullet No.	Article 20 - Corporate Governance Report	Comment/Management's Response
1	20.1	Disclosures as per article 20.1 is made.	Details of the company's shareholders are available with Qatar's Stock Exchange. The financial disclosures are part of financial statements. The Board member details are provided in Section A-1.
2	20.1	Disclosure on Board Members, of their education, profession, board seats they hold.	Board seats they hold are mentioned in the annual report. The Board Charter contains all requirements of a Board Member.
3	20.1	Names of the members of various committees.	The Company has resolved to form a Board Audit Committee.
4	20.2	Board to ensure that all disclosures provide accurate and true information.	To the best of their knowledge, Board has ensured that all disclosures provide accurate and true information.
5	20.3	Financials are in accordance with IFRS.	Financial statements are in accordance with the IFRS
6	20.4	Audited financials are made available to all shareholders.	The Company's Financial Reports are circulated to the Shareholders' at the AGM. Furthermore, IQ's Financial Statements are published on the Qatar Exchange, Local newspapers and the Company's website.





Sl. No.	Bullet No.	Article 21 - Shareholder Rights	Comment/Management's Response
1	NA	Shareholder Rights are protected in accordance with Bylaws and this Code.	A shareholder relation policy approved by the Board has been developed as part of Corporate Governance framework which protects Shareholder Rights in accordance with QFMA code. AOA also includes provision for protection of Shareholder Rights.
Sl. No.	Bullet No.	Article 22 - Ownership Records	Comment/Management's Response
1	22.1	Share ownership records are maintained and updated.	Shareholder records are maintained and updated by the Qatar Exchange.
2	22.2	Shareholder register can be freely accessed by all Shareholders during Office Hours or in accordance with Access to Information Procedures.	Shareholder register is maintained and updated by the Qatar Exchange. Each shareholder can request from the Qatar Exchange information on their shares.
3	22.3	Shareholders may obtain any document listed in Article 22.3.	AoA, related party contracts are available and can be provided by the Company while Shareholder's register, Board Members' register can be requested directly from Qatar Exchange. Appropriate disclosure is made in the financial statements on any charge or right on the Company's assets.







Sl. No.	Bullet No.	Article 23 - Access to information	Comment/Management's Response
1	23.1	Access to Information Procedure is included in AoA and Bylaws.	Procedures on access to information are included in the AoA.
2	23.2	The Company shall have a website where all relevant disclosures are made.	The Company has a website where all relevant disclosures are made. IQ's official documents are disclosed to both the Ministry of Commerce and business, and the Ministry of Justice and published in official newspapers. All shareholders have access to the disclosed information as per applicable laws and regulations.
Sl. No.	Bullet No.	Article 24 - Shareholders' Rights with Regard to Shareholders' Meetings	Comment/Management's Response
1	NA	Shareholders right to call for a General Assembly, right to place items on the agenda, discuss matters listed on the agenda and address questions is included in the AoA/ By-Laws.	Right to call for a General Assembly is included in the Company's AOA.
Sl. No.	Bullet No.	Article 25 - Equitable Treatment	Comment/Management's Response
1	25.1	Shares of the same class shall have the same rights.	Complied.
2	25.2	Proxy Voting is permitted.	Complied.





Sl. No.	Bullet No.	Article 26 - Shareholders' Rights concerning Board Members' Election	Comment/Management's Response
1	26.1	AoA and Bylaws shall include provisions ensuring shareholders are given information relating to Board Member Candidates.	Complied. In accordance with the AOA, the Board submits annually to the Ministry, a list of Directors (approved by the Chairman) and notifies the Ministry of changes in Directors upon occurrence of such change.
2	26.2	Voting for Board Members is by Cumulative Voting.	Complied.
Sl. No.	Bullet No.	Article 27 - Dividend Distribution	Comment/Management's Response
1	NA	BOD shall submit to the General Assembly a clear policy on dividend distribution.	The Company has developed a policy on dividend distribution.





Sl. No.	Bullet No.	Article 28 - Capital Structures, Shareholders' Rights and Major Transactions	Comment/Management's Response
1	28.1	Capital structure should be disclosed and Companies should determine the type of shareholders agreements that should be disclosed.	The capital structure of the Company is disclosed in the financial statements.
2	28.2	AoA and/ or Bylaws protect minority shareholders in the event of approval of Major Transactions when minority shareholders are against such transactions.	Provision for the protection of shareholders is included in the Corporate Governance Framework.
3	28.2	AoA and/ or Bylaws provide triggers or Tag Along Rights in case of a change in ownership exceeding a certain threshold.	Provisions for the triggers or Tag Along Rights are included in the Corporate Governance Framework.
Sl. No.	Bullet No.	Article 29 - Stakeholder Rights	Comment/Management's Response
1	29.1	Stakeholders' shall have access to information as defined in Article 29.1.	Complied.
2	29.2	Employees treated in accordance with principles of fairness and equity and without any discrimination.	Complied.
3	29.3	Employees' and management remuneration policy and packages shall be developed by the Board which should take into consideration the long term performance of the company.	There are certain functions such as Internal Audit, Finance, HR, etc. that are outsourced by IQ to QP. Any services provided by QP to IQ are documented in the services order which is covered in the Service Level Agreement between QP and IQ. The Chief Coordinator is the only executive/senior manager of IQ and his remuneration is decided by IQ's Board who considers the long term performance of the company.
4	29.4	Board adopts a mechanism for reporting unethical behavior (whistle-blowing), where whistle-blower is protected.	The Board has adopted a Whistle blowing policy approved by the board and the same has been included in the Corporate Governance framework.





Sl. No.	Bullet No.	Article 30 - The Corporate Governance Report	Comment/Management's Response
1	30	<p>Governance Report should cover the items documented in Article 30.</p> <ul style="list-style-type: none"> <li>Procedures followed by the Company in preparing the corporate governance report.</li> <li>Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future.</li> <li>Members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration.</li> <li>Internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management.</li> <li>The procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes.</li> <li>Assessment of the performance of the Board and senior management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board.</li> <li>Internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements).</li> <li>The company's compliance with applicable market listing and disclosure rules and requirements.</li> <li>The company's compliance with Internal Control systems in determining and managing risks.</li> <li>All relevant information describing the Company's risk management operations and Internal Control procedures.</li> </ul>	<p>The company has used the Articles in the QFMA code as the basis of preparation of the Corporate Governance report.</p> <p>No violations have been committed during the financial year.</p> <p>During the year 2011, the Board has performed the tasks and dispensed business decisions within its authorities as provided in the Board's Charter. The Board is satisfied that it has discharged its obligations and fulfilled its mandate as set out in its Charter.</p> <p>The Internal Audit function ensures that there are procedures in place in determining, evaluating and managing risks and whenever necessary suggest changes to the related procedures.</p>



Dr. Mohamed Bin Saleh Al Sada  
Chairman