

DECISION 31/M

The Chairman of the Board of Commissioners,

by virtue of Law (22) of 2005;

the Corporate Law No.3 of 2008;

Decree (47) of 2006;

the Approval of the Prime Minister on the letter 1186/SF dated 17.12.07 of the Commission, which authorizes the Syrian Commission on Financial Markets and Securities to issue the Corporate Governance Act;

And the decision of the Board of Commissioners in its session /125/ dated 28.04.08 concerning the cancellation of its Decision 18/M,

Issues the:

CORPORATE GOVERNANCE ACT

Article -1- Definitions:

In the context of this Act, the following terms shall have the meaning assigned to them hereunder:

The Law : Law of the Syrian Commission on Financial Markets and Securities No./22/ of 2005;

The Commission : The Syrian Commission on Financial Markets and Securities;

The Board : The Board of Commissioners;

Chairman : The Chairman of the Commission's Board of Commissioners – the Chief Executive of the Commission;

Disclosure Instructions Act : The Disclosure Instructions Act for the entities supervised by the Commission, issued by Decision 3943 of 2006 of the Prime Minister;

Stock Exchange : The Stock Exchange Act issued by Decree 55 of 2006;

Act

The Stock Exchange	: Damascus Stock Exchange;
Issuer	: The Joint Stock Company that floats securities for public subscription;
Parent Company	: The company that controls another company or other companies through owning more than 50 percent of the capital thereof, including the holding company
Subsidiary Company	: The company subject to the control of a parent company
Related Company	: A company is considered related to another company when both companies are owned by, or related to one parent company
Relatives	: Spouse and minor children
Stakeholders	: Every person who has an interest in the company, such as shareholders, staff, creditors, clients and suppliers
Announcement	: Any paid-up advertisement, or statement that is published in at least one daily newspaper
Insider	: The person that is acquainted with internal information due to his position or job
Management Error	: The unintended error that results from violating the by-laws of the company by its board of directors or one board member while running the company
Related Person	: Any person related to the Issuer: <ul style="list-style-type: none">◆ members of the board of directors of the Issuer, parent company, subsidiaries and associated companies◆ the general manager and the staff who submits direct reports to the board of directors◆ persons that own or control ten percent or more of the shares of the parent company, subsidiaries, or sister companies◆ relatives of all natural persons mentioned above including the spouse and minor children
Independent Member	: A board member who enjoys full independence. Such independence becomes void if the Director: <ul style="list-style-type: none">◆ has been an employee of the company or its parent, affiliated or related company during the three years prior to his candidacy for membership;◆ is related to any of the major stakeholders of the company or its

parent, affiliated or related company;

- ◆ has had any relationship that results in any significant financial transactions with the company or its parent, affiliated or related company;
- ◆ or a relative has been associated with an external auditor of the company during the three years prior to his candidacy for membership.

Non-executive Member : A board member who neither dedicates his activity on a full-time basis to the management of the company, nor receives a monthly or yearly salary from it

Essential Information : Any occurrence or piece of information that affects a person's decision to purchase a security, keep it, sell it, or dispose of it

Article -2- Scope of Application

This Decision defines the requirements for Issuers to guarantee the best compliance with corporate governance practices, including requirements on:

1. Shareholders' Rights
2. Stakeholders
3. Disclosure and Transparency
4. Board of Directors
5. Audit Committee
6. Executive Management
7. External Auditor
8. Internal Auditor

PART 1: SHAREHOLDERS' RIGHTS

Article -3- General Rights of Shareholders

Shareholders shall have their share-related rights, particularly:

1. the right to get titles and dispose of their shares;
2. the right to obtain their share of dividends allocated for distribution;
3. the priority to subscribing in the newly-issued stocks before floating them for investors, as stated in the company's articles of association;
4. the right to obtain their share of assets on liquidation;
5. the right to access to the company's records and documents and request for illustration on any related matter in a way that doesn't affect negatively the interests of the company;
6. the right to get a hard copy of the company's annual report, including:
 - a. The decisions of the board of directors

- b. The company's financial reports and statements having been audited and compared to the preceding annual results, including:
 - ◆ The balance sheet;
 - ◆ The income statement (the profit/loss account);
 - ◆ The cash flow statement;
 - ◆ Statement of changes in shareholders' rights;
 - ◆ Explanatory notes to the Financial Statements.
- c. The audit report;
- d. The complementary statement attached to the final fiscal results.
7. The right to view all the information disclosed by the company by virtue of the Disclosure Instructions Act;
8. The right to appeal to cancel any decision made by the general shareholders' of the board of directors for violating the company's articles or association or by-laws.
9. the right to sue the board of directors for responsibility;

Article -4- The Right to Access to Information

- A. The company shall maintain a shareholders' register as to the accepted form, including information on the shareholders names, shares, and ownership restrictions if any.
- B. Under any circumstances, the shareholder has to be able to access to the shareholders' register for viewing his/her own records, and be able to check all data in the register under reasonable circumstances. The shareholder shall be able to access to the company's records and documents as well as the periodic and non-periodic disclosures. The company has to take the most efficient measures necessary to provide shareholders with information without any discrimination.
- C. The shareholders who own at least 10% of the company's capital may request the board of directors to perform auditing on the records and documents of the company.

Article -5- Shareholders' Rights in General Shareholders' Meetings

- A. The general shareholders' shall be held at least once a year as stated in the company's articles of association. The board of directors shall invoke to convene the general shareholders' meeting based on a written request of the external auditor or the shareholders who own 10% or more of the company's stocks.
- B. Facilitating the participation of a big number of shareholders has to be

accomplished by choosing the appropriate date and venue of the meeting.

- C. The date and venue of the general shareholders' meeting as well as the agenda have to be announced at least ten days before the due date of the meeting. Calling for the meeting shall be published twice each time in two daily newspapers and on the company's website if any.
- D. Shareholders shall have the opportunity to efficiently participate and vote at general shareholders' meetings and shall have to be informed of the rules governing such meetings and the voting procedures.
- E. There should be a convenient background on the topics which shall be discussed in the general shareholders' meeting in order to enable shareholders make proper decisions thereupon.
- F. Shareholders have the right to discuss the matters listed on the agenda and to ask questions thereupon to the board members and external auditors, who shall answer them to the extent that shall not be in any prejudice of the Company's interests.
- G. During general shareholders' meetings, all shareholders shall be treated equally regardless of their share.
- H. Any new topic that is not listed on the agenda must not be discussed.
- I. Shareholders have the right to view the minutes of the general shareholders' meetings.
- J. Any shareholder may assign a representative based on a proxy approved by the company or by virtue of an official power of attorney, provided that the representative is a shareholder of the company who shall not represent stocks exceeding the limit permissible in the articles of association nor more than 10% of the company's capital.

PART 2: STAKEHOLDERS

Article -6-

When dealing with stakeholders, the company's board of director shall take into consideration the following principles:

1. To respect stakeholders' rights, which are protected by the Labor Law, the Corporate Law, and the Commercial Law.
2. To appropriately and actually compensate stakeholders for the losses that occur

due to any violation of their rights.

3. To acknowledge the information listed in the commercial register of the company at the Ministry of Economy and Trade, and to get an authentic copy of the commercial certificate as well as the records, documents and information enclosed in the register, in accordance with the provisions of the Commercial Law.
4. In case of capital decrease, the board of directors must:
 - a. enclose in the request submitted to the Ministry of Economy and Trade for authorizing the amendment of the company's articles of association a statement of the external auditor including the names and addresses of the creditors of the company and the borrowed amounts from each as well as an attestation from the external auditor confirming that such decrease does not affect the creditors' rights;
 - b. publish the decision of the said ministry authorizing the decrease along with the statement on creditors once in the official Gazette and at least twice in two newspapers;
 - c. creditors of no less than 10% of the total due debt of the company, as stated in the report of the external auditor, shall have the right to claim the cancellation of the capital decrease should such action harm their interests, before the Civil Court of First Instance in any police station or in the headquarters thereof during 30 days from the date of the last announcement of the decrease in newspapers. The 30-day period shall not apply to creditors who are not mentioned in the announcement.
5. the company must reserve the rights of bondholders, as follows:
 - a. They shall have the right to collect their due interests which must be settled on time as well as have their bonds redeemed.
 - b. The company shall not change the maturity date without a prior approval of the bondholders' assembly.
 - c. A bondholders' assembly will be formed from the owners of corporate bonds in every issuance by operation of law, and shall convene upon the invitation of its representatives, owners of 10% of the total bonds value, and/or the board of directors of the company.
 - d. Any action violating the bonds issuance terms shall be considered null unless approved by the bondholders assembly by a three-quarter majority of votes represented in the meeting, provided that the bonds represented in the meeting equals at least three quarters of the value of the issued bonds which have been subscribed for. Such approval shall be implemented when the violators of the bonds issuance terms are liable to

legal proceedings in accordance with the laws and legislations in force.

PART 3: DISCLOSURE AND TRANSPARENCY

Article -7-

Disclosure is the effective means that influence the company's conduct in order to protect investors' interests, attract investments, and satisfy shareholders and future investors by providing full, accurate and high level information that is comparable to counterpart information and data to enable Investors to make the correct investment decisions. Therefore,

A. Every Issuer must:

1. prepare its financial records and statements in accordance with the International Financial Reporting Standards;
2. prescribe and maintain a written disclosure policy, including all appropriate procedures and mechanisms for best compliance with the disclosure requirements quoted in the Disclosure Instructions Act;
3. appoint official spokespersons for the company, who would be in charge of providing information to the Commission, the Stock Exchange, the investors and the media; and notify the Commission of the names of such personnel;
4. provide shareholders and investors with accurate, non-misleading information on the dates specified in the Disclosure Instructions Act, issued by the Prime Minister's Decision 3943 of 2006, disclosing all information required in the Act and not quoted in the Corporate Governance Act, in order to enable them make proper decisions, including:
 - the company's preliminary and final results as well as all periodic reports;
 - essential information;
 - trading of board members, top executive managers, and insiders in the company's securities;
 - transactions, contracts, projects and other between the company and any Related Persons as well as its Parent, Subsidiary, and Affiliate Companies;
 - Shareholders' share of dividends (in the final fiscal results);
 - The company's social and environmental performance relating to professional security and safety.

5. provide the Commission with a copy of its reply concerning any related essential information published in the media; and issue a public announcement confirming, denying or correcting such news;
 6. notify the Commission in writing of the names, positions and qualifications of the senior executive management when appointed or when resigning for any reason, within seven days of the date thereof.
- B. The Issuer's insiders shall notify the Commission in writing of any securities issued by the company, its Subsidiaries, Affiliates, or Parent Company which are owned by them and/or their relatives, within one week of the date of his/her election or appointment, and of any changes occur thereto.
- C. Insiders must not reveal inside information of the company to other than the specialized persons and the court, and must not trade in the company's securities or make anyone else trade therein based on inside information, nor must they use such information for material or moral gain.
- D. Any person that, for the first time, owns or has disposal of at least 5% of the securities of an Issuer must manually notify the Commission thereof, within one week of the occurrence of that. Such person must also notify the Commission in writing of any increase in ownership within a week of such occurrence.
- E. The annual report submitted by the board to the General shareholders' shall contain:
1. A statement of the facts that help the continuity of the company in practicing the activities specified in its articles of association; and a description of the risks facing the company if any;
 2. The privileges and rewards of the board of directors, its committees and the top executive management during the fiscal year, including all payments received by any of them – wages, remunerations, premiums, travel and transport expenses, etc.;
 3. Remuneration of auditors;
 4. A statement of the company's stocks, and other securities if any, that the board members own; and a description of any transactions thereof;
 5. A statement of any penalty or seizure imposed on the company by the Commission or any other administrative or judicial entity.
- F. The board of directors must notify the Commission when:
1. the company encounters unstable financial and administrative status or losses that affects the shareholders' rights or the creditors';
 2. a board member or the general manager uses his/her powers and post to make

moral or material gain for his/her own benefit or someone else's in a non-lawful way, including reluctance to perform his/her duties prescribed by the law;

3. a board member or the general manager of the company commits fraud, deceit, appropriation, forge, or breach of trust which affects the rights of the company, shareholders and/or others.

G. The board of directors must be committed to the key principles of disclosure, as follows:

1. To apply a stable and logical policy in disclosing all operations' results;
2. To disclose the bad news truthfully and with the same speed as good news are disclosed;
3. Not to exaggerate by providing an over-optimistic picture of good news;
4. To fairly provide the disclosed information and statements to those who request them without favoring any requestor over others;
5. To adopt the "open door" policy with all financial analysts, specialists and shareholders in order to evaluate and analyze the financial situation of the company;
6. To follow strict procedures and practices in order to prevent insiders from taking advantage of undisclosed information;
7. To monitor securities transactions, especially the unusual ones, and all the radical changes in the prices, which take place before the announcement of the important developments in the company, of which an honest and clear public statement must be issued;
8. Should the company's board members or managers be informed of early or expected estimates of the audited or non-audited results or of essential events which have clear impact on such results, the disclosure thereof must be done fairly and on the due time;
9. To maintain confidentiality of information of ongoing discussions or research, on which a final decision will be made later.

PART 4: BOARD OF DIRECTORS

Article -8- The Composition of the Board of Directors

A. In forming the board of directors, the following must be maintained:

1. The majority of members shall be Non-executive Members;
2. At least one third of members shall be Independent Members;
3. The position of chairman of the board of directors and the company's general manager or chief executive may not be held by the same person;
4. The board member may be a legal person represented by one individual or more;
5. The board member shall be of age enjoying his/her civil rights;
6. The board member have not been convicted of a felony, a misdemeanor or any breach of honor or trust;
7. The board member/representative of the legal person, member of the board shall not be a board member of more than five joint stock companies on which the Corporate Law is applicable;
8. The chairman of the board, including the representative of the legal person chairing the board, shall not be a chairperson in more than two joint stock companies on which the Corporate Law is applicable;
9. The board member shall not be an employee of a public establishment unless he/she is a representative of the public entity in the board;
10. The board member shall possess the number of stocks stated in the articles of association, which makes him/her eligible to such membership. This condition is not effective at times of election. The member shall have to meet therewith during 30 days from the date of election else his/her membership shall be null in accordance to rules;
11. The member elected in his/her absence shall express consent on or refusal of such position during 10 days of the date of being informed thereof. Should there be no expression of refusal, he/she shall be considered approving the membership;
12. The articles of association must stipulate that the holder of at least 10% of the company's shares shall have the right to appoint one board member or more as to his/her ownership of shares. Accordingly, such appointment shall affect the number of board members to be elected and the holder shall not participate in the elections;
13. The members of the board shall have experience, financial knowledge and qualifications as well as strategic skills, and shall have knowledge of all related legislations as well as the rights and duties of the board of directors;
14. The members shall be able to dedicate enough time and attention to the board; their membership of the board of directors must not conflict with any of their

other interests.

- B. The board of directors shall designate one member to be the rapporteur of the board, who shall record the attendance as well as all the topics and important details discussed and all the decisions made by the members and their votes.

Article -9- The Tasks and Competencies of the Board of Directors

In addition to what is stated in the Commercial Law, the duties of the board of directors shall include:

- ◆ Prescribing plans and policies;
- ◆ Forming the organizational structure of the company;
- ◆ Forming committees and delegating powers;
- ◆ Monitoring and valuating performance and risk;
- ◆ Appointing the external and internal auditors;
- ◆ Other obligations related to shareholders.

A. Prescribing Plans and Policies: The board of directors shall provide the executive management with clear business policies and plans to help achieve the objectives of the company. While prescribing such policies and plans, the board of directors shall take into account all variable effects – politics, economy, legislation, etc. – and shall thus regularly reevaluate and develop them. Among the important policies that the board has to prescribe are:

1. the commercial and financial policies through which objectives of the company and the increase of shareholders' rights are achieved;
2. the disclosure policy of the company – the board shall ensure that it is implemented in accordance with the Disclosure Instructions Act;
3. risk management policy for containing risks transparently;
4. human resources policy which defines the basis for choosing and appointing staff, and quotes regulations for bonus, training, skill development and professional conduct and ethics;

The board shall perform this task collectively, independently, and in an objective manner. It shall avoid all negative influences, such as siding with the executive management, supporting its favors, etc.

B. Forming the Organizational Structure: the board of directors shall in this regard:

1. prepare the by-laws necessary for running and developing the company, besides to define duties, areas of competence, responsibilities, hierarchy and inter-relations among the different administrative levels, including board members, general manager, executive management, auditors and inspectors;

2. appoint the general manager, the principal employees of the company, assistants, experts and consultants, and define their rights and duties;
3. monitor the executive management, and ensure that the business is well executed and aimed at achieving the objectives of the company and that it complies with the effective laws and regulations.

C. Forming Committees and Delegating Powers:

1. Forming Committees:

- The board of directors shall form enough number of committees as to the necessity and circumstances to be able to effectively perform its duties. Most important committees to be formed are:
 - Audit committee;
 - Remuneration committee which prepares and annually reviews a clear remuneration and bonus policy for the board members and top executive managers, taking into account performance requirements;
 - Committees for research, planning, policy development and budgeting;
 - Other specialized committees.
- The decision for forming the committee must define the committee's mission, term of office, powers, and method used by the board to monitor such committee;
- The board of directors must elect Non-executive Members for membership of the committees with tasks that may reveal any conflict of interests, such as verifying the integrity of financial and non-financial reports and the transactions of Related Persons, appointing executive managers, and determining remunerations.

2. Delegating Powers:

Each delegation issued by the board of directors for board members or others must specifically state the mission, the validity term, and the deadline for the presentation of its results to the board. The board shall not issue general or open-term delegations, which propose actual yield of powers by the board.

D. Monitoring and Valuating Performance and Risk: the board of directors shall:

- ◆ at least annually check the effectiveness and adequacy of internal control systems, and ensure that such procedure is mentioned in the board of directors' report submitted to the shareholders;

- ◆ review the reports submitted to it by:
 - the executive management concerning the business results, financial statements and risk evaluation;
 - the internal auditor concerning the results of the periodic audit;
 - the external auditor regarding the results of periodic and annual audit.
- ◆ evaluate performance and rectify corruption through:
 - reviewing the performance of the company in order to evaluate the operation and management by examining all annual and periodic reports;
 - evaluating the performance of the board committees as well as the principal employees;
 - reviewing and revising the transactions of Related Persons, which are not included in the company's regular activities, in order to prepare the presentation of such transactions to the general shareholders';
 - accrediting the periodic and annual financial statements and reports.

The board shall thus uncover all corruption and neglect, analyze the reasons thereof, hold whomever responsible accountable, as well as issue instructions for rectifying contraventions and preventing the re-occurring of such.

E. Designating the External Auditor: the board of directors, upon the proposal of the audit committee, shall designate an experienced and very qualified external auditor, and shall contract with him/her and specify his/her remuneration, having the general shareholders' approved thereupon.

F. Appointing an internal auditor upon the recommendation of the audit committee.

G. Obligations Related to Shareholders:

The board shall define a mechanism for receiving complaints and suggestions of the shareholders, including suggestions to add a topic to the general shareholders' meeting agenda for revision and decision making.

Article -10- Restrictions on the Board of Directors

A. The company shall not give loans, grants and/or any guarantees or facilitation to any member of the company's board of directors.

B. If a board member or his representative has any conflict of interest with any matter to be considered by the general shareholders', or is in dispute with the

company which is discussed in the general shareholders' meeting, the decision thereon shall be made in the presence of all votes except the member's/representative's vote.

- C. Board members and company representatives must not have direct or indirect interest in the company's contracts and/or projects, unless there is an authorization thereof by the general shareholders'. Such authorization must be renewed annually for long term contracts. A board member or company representative may have interest in contracts, tenders and projects in which all participants are treated equally in proposing their offers and he/she is chosen for presenting the best offer.
- D. Board members and company representatives must not involve in managing a counterpart or rival company nor must they engage in a business that is similar or that competes with the type of activities of the company, unless there is an annually-renewed authorization for such actions.
- E. Board members and company representatives must not directly or through others manipulate stock prices in the company and/or the stock exchange. They must not purchase and/or sell stocks based on inside information which they are acquainted with due to their position or job, nor must they pass on such information to others intending to influence the company's stock prices.
- F. Board members and company representatives must not disclose confidential information which they are acquainted with due to their work in the company to any of the company's shareholders or others, otherwise they shall be dismissed and shall compensate for the damage that has occurred to the company. They shall not be accountable for uncovering information that are already disclosed by another entity or that are requested to be disclosed by the applicable laws and legislations.
- G. Board members must not intervene with the daily work of the company.

Article -11- The Responsibilities of the Board of Directors

- A. Since the board of directors enjoys all the necessary powers and competencies to manage the company, it is responsible for the business results of the company, even if it has formed committees or delegated tasks to other persons.
- B. The board of directors must perform his duties with integrity, responsibility and diligence and must be fully informed by the executive management before making decisions.
- C. The board of directors must ensure that enough information on all of the company's affairs are provided on the time and by the manner that the board specifies to all board members in general and to the Non-executive Members in particular in order to enable them to effectively perform their duties.

- D. Board members and company representatives are responsible to the company, its shareholders and others for violations committed by any or all of them, breaching the articles of association, the decisions of the general shareholders', and/or any applicable laws. Members who are proved to object the decision leading to the violation in the minutes of meetings shall not be held responsible for that violation.
- E. Board members and company representatives are responsible to the company and its shareholders for any Management Error done by them. Members who are proved to object the decision leading to such error in the minutes of meetings shall not be held responsible.
- F. Members may be hold responsible individually or collectively. In the latter case, they shall be all joint liable and they shall be accountable each as to his/her role in the error/violation. For counter defense, there must be evidence that they have managed the company as a hired agent would.

PART 5: THE AUDIT COMMITTEE

Article -12-

- A. The board of directors shall issue a decision for forming an audit committee, provided that:
 - 1. The audit committee shall be composed of at least three Non-executive Members and all members thereof shall be Independent Members. One member shall be designated as president of the Committee and the Commission shall be notified thereof as well as of any changes to the composition of the committee with the reasons for that.
 - 2. At least one member of the committee shall be a financial and accounting expert.
 - 3. The committee shall meet at least four times a year. The minutes of such meetings shall be duly recorded.
 - 4. The board of directors shall adopt the regulations prepared by the committee, which clearly define its mission as well as the terms for appointing its members, their powers, duties, responsibilities, remunerations and the meeting dates.
 - 5. The audit committee shall meet with the external auditors of the company at least once a year.
- B. **The audit committee shall have the following competencies:**

1. To ask for any information from the employees of the company, who shall cooperate to provide full and accurate information;
2. To consult legal, financial, administrative, and/or technical experts when necessary;
3. To summon any employee of the company for further explanations;
4. To ask the external auditor to attend the committee meetings when it is necessary to discuss a matter related to his/her work in the company, and to get his/her explanation and opinion in writing;
5. To recommend an external auditor to the board of directors to be elected by the general shareholders' of shareholders;
6. To nominate an internal auditor.

C. The audit committee shall do the following tasks:

1. To discuss all matters related to the recommendation of an external auditor, and ensure that he/she fulfills the conditions of the Commission and that his/her independency is not influenced by any other tasks he/she does for the company.
2. To revise the work of the external auditor, including his remarks, suggestions, and reservations, follow up the company's reaction thereto, and submit recommendations in that concern to the board of directors.
3. To review all correspondence between the company and the external auditor, evaluate its contents, and give remarks thereon.
4. To ensure that the company complies with the laws and legislations of the Commission as well as the Stock Exchange Act and the rules and regulations issued thereto.
5. To revise the periodic reports before submitting them to the board of directors with the necessary recommendations, including:
 - any changes to the accounting policy;
 - any changes to the accounts of the company that occur due to the audit or the suggestions of the external auditor.
6. To revise the work plan of the external auditor and ensure that the company provides him/her with all facilitation necessary for his/her work.
7. To revise and evaluate internal audit procedures, and review the external auditor's evaluation of such procedures; to review the reports of the internal auditor especially the reports including violations caused by his/her work.

8. To submit to the board of directors recommendations on internal audit procedures and the work of the internal auditor.
9. To ensure that there is not any conflict of interest resulting from transactions or contracting executed between the company and any Related Persons.
10. Any other matters requested by the board of directors.

PART 6: THE EXECUTIVE MANAGEMENT

Article -13- The Role and Responsibilities of the Executive Management

- A. Contracting the executive managers shall define their rights and duties.
- B. The executive management is fully responsible to the board of directors.
- C. The executive management shall operate in accordance with the organizational structure defined by the board of directors which specifies the duties and competencies of each executive manager.
- D. Members of the executive management shall fully disclose to the board of directors all details of the financial and commercial transactions in which they or their relatives have personal interest that may clash with the company's interests in general.
- E. Without prejudice to the competitiveness of the company, and without exposure of any information or data handled by the executive management of which disclosure may negatively affect the interests of the company, the annual report must include a brief description of the management's discussions and analyses concerning the following, in addition to the board of director's opinion thereupon.
 1. The manner in which the company operates and suggestions for the development thereof;
 2. Investment opportunities and obstacles;
 3. Analysis on the products of the company;
 4. Detailed description of the business of the company;
 5. the risks facing the company;
 6. the internal control system and the adequacy thereof;
 7. A statement on the financial performance of the company.

PART 7: THE EXTERNAL AUDITOR

Article -14-

- A. The general shareholders' shall appoint the external auditors of the company upon the proposal of the board of directors and the recommendation of the audit committee from among the auditors accredited by the Syrian Commission on Financial Markets and Securities.
- B. The external auditor is appointed for one-fiscal-year term only, and he/she must not be appointed for more than four consecutive years. The external auditor may not be then reappointed before the elapse of two fiscal years.
- C. The General shareholders' shall ensure that the external auditor:
 - 1. shall not engage in any additional tasks for the company, which are irrelevant to his work of auditing and may affect his impartiality and/or his independence;
 - 2. shall be independent from the board of directors and the executive management who shall not intervene in his/her work;
 - 3. is not a creditor or debtor to the company or its affiliates nor is a bailman for any debtors;
 - 4. does not trade in the stocks of the company he/she is working for whether directly or indirectly.
- D. The external auditor must comply with the codes of professional conduct stipulated in the legislations of the Association of Syrian Certified Accountants and in the legislations issued by the Commission.
- E. In addition to what is stated in the Commercial Law and as part of the audit procedures, the external auditor shall refer to any important matters, including:
 - 1. The compliance with the International Standards on Auditing issued by the International Federation of Accountants, as well as the commitment to the general codes of professional conduct while auditing.
 - 2. The extent to which the internal control systems are adequate and effective in the company.
 - 3. The extent to which the company is able to continue to carry on its business – such reference shall be independent from the board of directors' opinion.
 - 4. The extent to which the company is committed to install and apply all kinds of internal control systems, and the extent to which such systems are

adequate as to the company's status.

5. The extent to which the company complies with preparing the financial statements and reports in accordance with the international Accounting Standards and IFRS.
- F. The external auditor and his/her employees must not trade in the stocks of the company he/she is working for whether directly or indirectly. They shall otherwise be dismissed from the company and shall compensate for any damage caused by such violation.
- G. The external auditor shall inform the Commission of any violations of the Corporate Law or the company's articles of association committed by the company, as well as any other matters that negatively affect the financial and administrative status of the company once he/she becomes acquainted with such information, which shall be considered highly confidential by all parties involved until a decision is made thereupon.
- H. External auditors may be responsible for their mistakes either individually or collectively.

PART 8: THE INTERNAL AUDITOR

Article -15-

Without prejudice to the Monetary Basic System of 2002 concerning the internal auditors of banks, every joint stock company shall have an internal auditor, provided that:

1. The internal auditor shall be a full time employee at the company, having all the necessary qualifications and expertise. He/she must be able to effectively communicate with individuals and entities.
2. The internal auditor shall be appointed, his/her wage, remuneration, and term of office specified, his/her resignation approved on, or he/she dismissed by a decision of the board of directors, upon the recommendation of the audit committee.
3. The internal auditor shall be highly independent and must not engage in any task that might be subject to his auditing and evaluation.
4. The internal auditor shall acknowledge all the company's records, registers, correspondence and minutes of meetings and ensures that the inventory statements, balance sheets, reports and records are duly and regularly submitted as required by the effective laws and legislations.

5. The internal auditor shall monitor the company's compliance with all related laws and legislations in force.
6. All financial statements and records must be audited. The internal auditing shall include all departments and sections of the company and its branches on a periodic basis.
7. The internal auditor shall inform the board of directors and managers of the company immediately of any violations he/she learns of.
8. The internal auditing shall be governed by comprehensive, professional audit systems which contain all the techniques necessary to comply with the International Standards on Auditing. Such audit systems must be constantly evaluated and developed to suit the work progress of the company.
9. The internal auditor must prepare a manual report on the audit results. He/she shall discuss the draft report with the departments which the auditing process included in order to solve any dispute regarding the results thereof.
10. Having audited and discussed the draft report with the relevant departments, the internal auditor shall prepare the final audit report and submit it to the general manager. The audit committee and the board of directors must receive copies of the final audit report.
11. The internal auditor shall not disclose any of the information he/she is acquainted with due to his work and shall not seek any personal gain out of such information.
12. The internal auditor who violates the Corporate Governance Act shall be held responsible and liable to the penalties stipulated by the effective laws and legislations.

PART 9: GENERAL PROVISIONS

Article -16-

The board of directors, managers and employees of the company must not deal in the company's securities for one month preceding the announcement of its financial results and/or the announcement of any other information that may influence the financial status of the company. They must not deal in the company's securities after the occurrence of sudden facts or incidents which affect the company's activity or financial status until such incidents and facts are disclosed to the public.

Article -17-

- A. This Act must be implemented by all Issuers, notwithstanding the governance instructions issued by the Central Bank of Syria as to the banks and the Insurance Supervisory Commission as to the insurance companies.
- B. Every Issuer shall comply with including a statement on the extent of implementation of this Act with reference to the instructions that have not been implemented in the board of director's report.

Article -18-

Without prejudice to the effective laws and legislations, the Corporate Governance Act shall be meant a guide in year 2008 and shall become effective on 01.01.2009.

Article -19-

This Act shall be informed to whom it concerns for implementation.

Damascus, 29.06.2008

The Syrian Commission on Financial Markets & Securities

Dr. Mohammed Imady

Chairman