



Santiago Principles Self-Assessment

Qatar Investment Authority

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Pillar 1

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1 Description:

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

Principle 1 Implementation:

The Qatar Investment Authority ("QIA") was established by Amiri Decision of the State of Qatar ("State") No. (22) of the year 2005 amended by Amiri Decision No. (73) of the year 2013

("QIA Constitution"). As such, the QIA has a separate juridical personality, wholly owned by the Government of the State of Qatar ("Government"), with a Board of Directors ("Board"), a

Chairman, a Chief Executive Officer, and an executive management team.

QIA reports to the Supreme Council for Economic Affairs and Investments ("Supreme Council"), the highest decision making body concerning Energy, Investment and Economy in

Qatar. The Supreme Council, which is Chaired by His Highness the Amir of the State of Qatar, approves investment strategy, assigns funds and approves the budget as well as

certain QIA Regulations.

Principle 2 Description:

The policy purpose of the SWF should be clearly defined and publicly disclosed.

Principle 2 Implementation:

QIA's mission is defined in Article 5 of the QIA Constitution, aimed at: "... developing, investing and managing the State reserve funds and other property assigned to it by the Supreme Council in accordance with policies, plans and programs approved by the Supreme Council." QIA was established as an entity through which the State may build a diversified investment base to complement its wealth in natural resources. QIA's investment strategy is based on its responsibility to generate a strong and sustainable return for the State, within an investment mandate based on purely economic and financial grounds and a long-term investment time horizon.

Principle 3 Description:

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

Principle 3 Implementation:

Since 2016, a new Department in QIA, Local Portfolio Department, was established to oversee QIA holdings in local companies. Local Portfolio Department operates in close coordination with Ministry of Finance and other fiscal & monetary authorities to ensure consistency with the overall macroeconomic policies.

Principle 4 Description:

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

Principle 4 Implementation:

QIA is assigned from time to time fiscal surpluses from the Government and is required to manage such funds according to its strategic investment mandate set out in its Constitution and the Policies, strategies & plans approved by the Supreme Council. Since its inception, QIA has accumulated assets and there has been no withdrawal of assets by the Government. Since QIA adheres to the strictest commercial and financial standards, in the event of a withdrawal request being made, the QIA Board and the Supreme Council would be required to approve such request. Any asset liquidation would be required to be

conducted in an orderly fashion and in strict compliance with all applicable laws, regulations and rules.

Principle 5 Description:

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

Principle 5 Implementation:

QIA compiles and produces detailed information on its investment performance on a monthly basis for the benefit of its executive management. Regular reporting to the Board and Supreme Council is established. The QIA Group Internal Audit department under the supervision of QIA Board Audit Committee and an external auditor (one of the big four) audit the QIA performance financial details.

Pillar 2

Institutional Framework and Governance Structure

Principle 6 Description:

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

Principle 6 Implementation:

The governing body of QIA is its Board, which is responsible, with the help of its committees, including the Board Investment Committee and the Board Audit Committee, for implementing investment strategies, delegating responsibilities, appointing and removing the QIA management. Business decisions are the sole responsibility of the QIA Board and QIA's executive management. Pursuant to Article (7) of the QIA Constitution, QIA "shall be managed by a Board of Directors which shall consist of a Chairman and Deputy Chairman and a number of members to be appointed by the Decision of the Amir ...". QIA takes the execution of effective corporate governance very seriously. QIA operates within a full set of Governance Policies and Procedures.

The QIA Board has adopted group governance standards governing all QIA controlled entities, including those entities managed directly or indirectly by QIA, as well as entities that are self-managed. Within the Legal Department, the Governance Unit is responsible for establishing, managing and overseeing the good corporate governance framework of QIA in accordance with the best international standards. QIA implements the integrated governance project of QIA, a project of extended and continuous work aiming at establishing the QIA commitment to global principles of sovereign wealth funds, in particular the Santiago Principles and the rules of good governance. Governance system in QIA aims to guide and control works of QIA to distribute rights and responsibilities among different departments and units, determine the rules and procedures to make decisions related to QIA and ensure that the concerned departments of QIA, through good

governance, provide an integrated structure through which the objectives of QIA, the means to achieve those objectives, and performance monitoring are implemented.

Principle 7 Description:

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

Principle 7 Implementation:

The Supreme Council (as the representative of the owner) approves QIA's strategies, budget and important regulations. The QIA Board approves governance policies, provides strategic guidance for QIA, and monitors the activities of its executive management team. Implementation of QIA's mission is the responsibility of the QIA Board, executed through the Board Committees, executive management team and the constituent departments and committees of QIA. The Board is appointed by His Highness the Amir of the State.

Principle 8 Description:

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

Principle 8 Implementation:

The Board is the governing body of QIA, ultimately responsible for deciding how to implement investment strategies, delegating responsibilities, setting up committees as necessary, appointing, and removing the QIA's management. The QIA's Board is subject to supervision from the Supreme Council. The Supreme Council proceeds with its functions related to the investment of the State's reserves by identifying objectives to be achieved from this reserve investment within the State's overall strategy.

The Supreme Council also develops long-term strategy for the reserve investment and annual investments programs.

The QIA, through its Board has all powers and competencies necessary to achieve its mission by:

- Laying down the QIA's general policies, within the framework of the general policy approved by the Supreme Council;
- Approving the investment programs and projects of QIA and following up on their execution;
- Evaluating the performance of investments in accordance with the set strategies and long-term plans;
- Approving the standards and criteria of investments, as proposed by the Chief Executive Officer;

- Approving the organizational structure of QIA.
- Issuing the HR regulations for the QIA's Employees, and the regulations for tenders and biddings, and other internal regulations;
- Approving the important policies for the QIA including the governance policies, investment policy, the Risk Management Framework, the policy setting the relationship between the QIA and its subsidiaries, and the policy defining the relationship between the QIA and third parties;
- Approving the annual budget and the closing account of the QIA, and submitting them to the Supreme Council for approval;
- Considering the periodical reports and follow-up reports concerning QIA works, which shall be submitted by the CEO to the Board;
- Submitting the required reports about the activities of the QIA to the Supreme Council; and
- Any other works assigned to it by the Amir or the Supreme Council.

Principle 9 Description:

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

Principle 9 Implementation:

The QIA Board has charged its executive management team with the responsibility and authorities to pursue its investment strategies with utmost professionalism. The Executive management team of QIA acts with operational independence within the context of its overall strategy, plans and approved decisions, policies and guidelines.

Principle 10 Description:

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

Principle 10 Implementation:

The QIA's Constitution, regulations, decisions, policies, procedures and process have established a comprehensive governance framework including the accountability framework of different departments, units and committees on all the levels in QIA. The accountability framework can be explained by stating the corporate structure, the governance framework and the audit function, as follows:

Corporate Structure QIA is owned by the Government and reports to the Supreme Council, the highest decision making body concerning energy, investment and economy in the State. The Supreme Council, which is Chaired by His Highness the Amir, approves investment strategy, assigns funds and approves the budget as well as certain QIA

Regulations. The QIA Constitution sets the reporting requirements by the Board to the Supreme Council.

The QIA Constitution defines the roles and responsibilities of Board, CEO and executive management departments. QIA has in place a complete organizational structure with clear definitions for the committees and departments throughout QIA, in addition to a comprehensive system of delegation of authorities that spells out the rules and procedures for making decisions on corporate affairs. Governance Implementation of QIA's mission is the responsibility of the QIA Board, which is appointed by His Highness the Amir. The QIA Board has established the framework for QIA's operations through appropriate policies, including (but not limited to) several governance policies such as investment policies, risk management policies and a Code of Conduct.

The QIA Board provides strategic guidance for QIA and monitors QIA executive management. The QIA Chief Executive Officer, together with the executive management team, is responsible for the day-to-day management of QIA. Business decisions are the sole responsibility of the QIA Board and QIA's executive management. Qatar's government (executive authority) does not interfere in the QIA's investment, divestment or other business decisions. The QIA governance model makes sure the QIA objectives are set and defined, and the means of attaining those objectives and monitoring performance are in place. QIA regularly develops the necessary governance documents for the operation of QIA, such as decisions, regulations, policies and procedures, and improving and developing existing ones. A working mechanism has been established to periodically review and update the policies, procedures and committees of QIA to ensure continuity of work as necessary and to keep pace with internal and external changes and developments.

Audit function QIA activities are under the scope of review by the State Audit Bureau according to the QIA Constitution. QIA financial statements and operations are audited by an external auditor (one of the big four firms). QIA Group Internal Audit QIA Group Internal Audit is an independent function, which reports directly to the Board/ Audit Committee. It is responsible for the review of risk management and the control environment to provide reliable, valued and timely assurance over the effectiveness of controls to mitigate the current and evolving risks. The key roles of Internal Audit in QIA include: - monitor and evaluate the internal control environment; - provide reasonable assurance over effectiveness of financial controls; - execute special assignments by the Board Audit Committee and/or the Board; and - evaluate controls around change projects- pre/post implementation reviews.

Principle 11 Description:

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

Principle 11 Implementation:

QIA issues to Supreme Council an annual report and consolidated audited financial statements of the QIA. These audited annual consolidated financial statements are prepared according to International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

Principle 12 Description:

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

Principle 12 Implementation:

The consolidated financial statements of the QIA are prepared as per IFRS, and audited by an independent external auditor (one of the big four). The consolidated financial statements and its operations are audited annually in accordance with recognized international auditing standards in a consistent manner under the oversight of the QIA Board Audit Committee.

Principle 13 Description:

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

Principle 13 Implementation:

The QIA governance policies of QIA entails that all QIA's governing bodies, corporate officers and employees are required to be guided by the following values:

- Integrity: To apply the highest ethical, moral and professional standards of conduct in each of their undertakings.
- Mission focus: QIA has a noble mission on behalf of the Qatari people. In executing their day-to-day responsibilities, QIA management and employees are firmly focussed on this mission.
- Entrepreneurialism: QIA believes in the power of entrepreneurialism, and it continues to encourage initiative and a flexible approach even as the organisation grows and institutionalises.

Excellence: QIA strives for excellence in all aspects of its undertakings. ? Respect for people: QIA recognises that people are its most valuable asset, and the organisation seeks to create a respectful workplace free of harassment or intimidation.

The above values are available on QIA's website. QIA is one of the founding members of the One Planet Sovereign Wealth Funds Working Group and contributed to the One Planet Sovereign Wealth Funds Framework. QIA aims to maintain steady progress towards energy efficiency and reducing our carbon footprint.

Principle 14 Description:

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

Principle 14 Implementation:

QIA has detailed selection, engagement and operational monitoring policies and procedures governing its relations with external investment managers.

These include due diligence procedures undertaken when evaluating a potential manager, involving qualitative, quantitative and operational considerations.

Monitoring involves keeping in close communication with the external managers. Formal periodic performance updates are routinely required from all external fund managers. Positions with the managers are closely monitored. QIA undertakes a detailed review of all communications sent by the manager.

Principle 15 Description:

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

Principle 15 Implementation:

QIA respects investments' host country laws, regulations and rules and fully adheres to specific disclosure and other regulatory requirements.

QIA's Legal and Compliance teams oversee this function. It is the policy of QIA to comply with all laws and regulations applicable in all jurisdictions in which it conducts business. QIA is committed to establishing and maintaining a reputation as an investment organisation committed to excellence in corporate governance and operating at all times to the highest standards of professional conduct. QIA is subject to a large number of laws, regulations and rules both domestically and in the international jurisdictions in which it operates.

Such regulations laws and rules include, but are not limited to, rules against money laundering, investment restrictions, exchange rules, tax regulations, foreign exchange regulations, anti-trust regulations, regulations relating to political contributions, company laws and international sanctions and embargoes. Some laws and regulations will be more relevant for direct investments, others for investing in traded securities, or fixed income or in funds.

Principle 16 Description:

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

Principle 16 Implementation:

The QIA Board determines the high-level Investment Policy and goals of QIA. The QIA

Chief Executive Officer is responsible for the executive management of QIA on a day-to-day basis. Business decisions are the sole responsibility of the QIA Board and QIA's executive management. Qatar's government (executive authority) does not interfere in the QIA's investment, divestment or other business decisions.

Article 16 of the QIA Constitution prohibits the QIA Chairman, any member of the QIA Board, the QIA Chief Executive Officer, or any of the QIA's officers, from having any personal interest, direct or indirect, in the contracts concluded with or for the account of QIA or the enterprises carried out by it. The main elements of QIA's governance framework and objectives is available on the QIA's website.

Principle 17 Description:

17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

Principle 17 Implementation:

QIA's Board decides the time and the extent to which more information on the fund's financial orientation and position will be made publicly available. There is no legal requirement for QIA to make public disclosure of such information. However, from time to time, senior executive management makes public comment of certain aspects of the operations of QIA or its principal operating subsidiaries. QIA complies with all public disclosures for regulatory compliance purposes.

QIA's website shows information about QIA's investments. In 2019, a Corporate Communicationsteam was set up within QIA. This team is in the process of launching several communications tools, one which is a new Website that will have a more clear and detailed information about QIA investments and operations. It will also have a spotlight on its organizational structure and human capital. There also will be more illustrations of our governance and QIA risk management. Once this project is complete, corporate brochures, an annual review, media distributions, and other documents will be available on this platform. In addition, a more in depth financial reports of selected investments shall be shared, as well we are seriously considering collecting and displaying all financial data that is readily available and accessible by the finance world i.e. Bloomberg/Reuters terminals.

Pillar 3

Investment and Risk Management Framework

Principle 18 Description:

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

Principle 18 Implementation:

QIA Board and the Supreme Council approved the QIA investment policy in accordance with QIA's objectives prescribed by the Constitution. As per the QIA investment policy, QIA seeks to achieve real long-term investment returns without exposing itself to undue levels of risk. QIA benefits from significant positive cash flow and has no liabilities at portfolio level. Certain investments, for example in funds or real estate, may involve leverage at the fund level or investment level, as determined by the fund manager or portfolio manager.

Ordinarily, QIA's positive cash flow allows it to operate without engaging in leverage. QIA manages its investments with a blend of internal and external investment management resources. QIA utilizes its internal investment management resources in areas where it has particular expertise; otherwise, it will use external investment management resources. QIA is actively engaged in further developing its internal investment management resources. The main elements of QIA's investment policy is available on the QIA's website. Please see the reply above on GAPP 17 concerning the functions of the newly established Corporate Communications team within QIA.

Principle 19 Description:

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

Principle 19 Implementation:

QIA is committed to pursuing its strategic investment mandate based purely on economic and financial objectives. No part of QIA's strategic investment mandate, or its execution, is motivated by considerations of a political nature. QIA does not include other factors in its investment execution and management processes, save where it is possible within QIA's overall economic and financial strategy, QIA will include considerations of an environmental and/or humanitarian nature. QIA manages its assets and delegated investment managers with diligence and care. Each investment decision is considered in the context of the overall portfolio, and not in isolation, as part of the overall investment strategy to incorporate a reasonable risk and return in line with QIA's mission and investment objectives.

Principle 20 Description:

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

Principle 20 Implementation:

QIA does not receive privileged information other than those that may be granted to QIA by recipient countries.

Principle 21 Description:

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

Principle 21 Implementation:

QIA is fully conscious of the importance of the proper exercise of the voting rights of a shareholder as a tool of effective corporate governance. QIA is an attentive and active shareholder and will usually be represented at meetings of shareholders of companies in which it has a significant investment. In this regard, QIA is motivated only by the responsibilities flowing from the discharge of its Mission strictly within economic and financial objectives. QIA believes that its exercise of rights of ownership is very transparent and for listed companies is publicly available.

Principle 22 Description:

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

Principle 22 Implementation:

Risk Management practices, including Risk Management Framework and Risk Management Policy, in QIA cover all aspects of financial and operational risks and aim to adhere to high standards of risk management. The Head of Risk Management Department is a member in the Management Investment Committee. The QIA's Internal Audit under supervision of the Board Audit Committee ensures that there is adequate and effective risk management in the QIA and appropriate and satisfactory internal controls system. Internal Audit makes independent and objective statements and provide advice concerning improvements in the internal control systems. The Board appoints external auditors who

provides reasonable assurance over the controls embedded in financial information preparation processes.

Principle 23 Description:

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

Principle 23 Implementation:

On a monthly basis, detailed performance reports for all investment portfolios, on an individual and consolidated basis, are available to the QIA senior executive management and on request to the Board and the Supreme Council. Performance financial details are calculated and available to the management of the QIA on a daily basis. Performance reports are also submitted to the Supreme Council (being the representative of the owner) , on quarterly and annual basis. Performance reports show performance returns on all investments set against approved benchmarks using various methodologies.

Principle 24 Description:

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

Principle 24 Implementation:

Legal Department through the Governance and Government Affairs Unit and the Risk Management Department , review progress and compliance with the Santiago Principles on an annual basis.

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