

*In the Name of Allah,  
the Most Gracious, the Most Merciful*



# **Governance Code for Companies & Legal Entities Listed on the Main Market**

*This is a translation of the Official Arabic version of Governance Code for Companies & Legal Entities Listed on the Main Market. In case of any discrepancies, the Arabic version shall prevail.*

**Governance Code for Companies & Legal Entities Listed on the Main Market**

Issued by the QFMA's Board pursuant to Decision No. (5) of 2016

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Dated 19/8/1438 H – 15/5/2017

## **The QFMA's Board Decision No. (5) Of 2016**

### **Concerning the Issuance of Governance Code for Companies & Legal Entities Listed on the Main Market**

#### **The Board of Directors,**

Having considered Law No. (30) Of 2004 Regulating Control of Accounts;

Law No. (8) Of 2012 of Qatar Financial Markets Authority;

Law of Qatar Central Bank and the Regulation of Financial Institutions, issued by virtue of Law No. (13) Of 2012;

Law No. (11) Of 2015 Promulgating the Commercial Companies Law;  
QFMA's Board Chairman Decision No. (3) Of 2010 Concerning the issuance of Offering & Listing of Securities Rulebook;

QFMA's Board Chairman Decision No. (1) Of 2012 Concerning the issuance of Listing Investment Funds' Units Rules;

QFMA's Board Decision No. (4) Of 2014 Concerning the issuance of Corporate Governance Code for the Companies Listed on the Main Market;

QFMA's Board Decision No. (7) Of 2014 Concerning the issuance of Rules for External Auditors and Financial Evaluators of Listed Entities & Entities Subject to the Authority's Jurisdiction;

Qatar Stock Exchange Rulebook;

QFMA's Board Decision at its 3rd meeting on 24th of October 2016 Concerning the issuance of Governance Code for Companies & Legal Entities Listed on the Main Market;

Proposal of the QFMA's Chief Executive Officer;

And as required by the public interest;

We have decided the following:

### **Article (1)**

The Governance Code for Companies & Legal Entities Listed on the Main Market annexed to this decision shall come into full force and effect.

### **Article (2)**

All addressees of the provisions of the attached Code shall reconcile their positions to conform with its provisions within six (6) months of this Code coming into effect.

The QFMA's Board Chairman may extend this period for another similar period.

### **Article (3)**

The Decision No. (4) Of 2014 referred to shall hereby be repealed

### **Article (4)**

All competent authorities, each within its jurisdiction, shall implement this decision. The decision shall be effective from the date of issuance.

**Abdulla Bin Saoud Al-Thani**

**The Governor**

**Chairman of the Board of Directors**

Issued on 10/02/1438 H

Corresponding to: 10/11/2016

## **Governance Code for Companies & Legal Entities Listed on the Main Market**

### **Preamble:**

The Governance is one of the most important management and control systems for companies in general, and for shareholding companies and all other legal entities listed on the financial markets in particular. Such importance is due to that Governance entrenches the principles of good Governance and determines the functions and responsibilities of the Board of Directors, Senior Executive Management and employees of the Company. It also promotes principles of justice and equality among Stakeholders, productive control and risk management, transparency and disclosure, regulate Stakeholder's rights, and encourage the society development and its advancement. This can lead to improve the Company's performance in general, and definitely ends to achieve the real meaning of principle of upholding the interests of the public, the Company, and its Stakeholders to be priority before any other interest.

The Governance Code for Companies and Legal Entities Listed on the Main Market "this Code" has been drafted from the above mentioned perspective and as part of the desire of the Qatar Financial Markets Authority "QFMA" in establishing those principles and values, and based on the best international and regional codes of governance such as the governance principles developed by:

- The Group of Twenty (G20) and the Organization for Economic Cooperation and Development (OECD) issued in 2015 that includes the relevant principles of International Organization of Securities Commissions (IOSCO);
- The Bank for International Settlements (BIS) issued in 2015;
- The International Association of Insurance Supervisors (IAIS);
- The International Corporate Governance Network (ICGN) issued in 2014; and
- The unified guiding principles of corporate governance for companies listed on the GCC financial markets issued in 2012.

This Code has been provisioned with (42) articles that determine the following:

- Scope of implementation;

- Provisions of compliance with governance principles;
- Content of the governance report;
- Terms and conditions of candidacy for Board membership;
- Board functions and responsibilities;
- Functions and procedures of the Board Chairman and members;
- Composition of Board committees and their membership provisions and terms of reference;
- Provisions of internal and external audit and risk management in the company; and
- Provisions of disclosure and transparency, and regulating the Stakeholders' rights in the light of the principle of upholding the public interest and the rights equality among Stakeholders.

When drafting this Code, it has been taken into account establishing the following principles:

- **Transparency:** This principle is based on good faith, seeking honesty and openness, upholding values of self-censorship and integrity, taking caution, intensive care and trustiness in performing the tasks and functions assigned to each official and employee in the Company including the Chairman, the Board members, Senior Executive Management, all employees and other parties related to the Company. This principle determines the framework of disclosure and provision of the Information required by the Authority and other regulatory authorities or required by the Stakeholders at the right time and in the manner that enables the requester of the Information to take the proper decision. It also regulates Insiders dealing in securities issued by the Company or any company of its group as well as serves to avoid and reduce conflicts of interest and preserve public interest and ultimately Market integrity.
- **Responsibility acknowledgement:** This principle aims to specify the rights, duties and responsibilities within the Company and implement an appropriate control mechanism that enables accountability that determines each one's responsibility and assesses performance. All lead to assess the Company's overall performance in accordance with best



international standards whether the control is internal carried out by the Board and its committees or by the internal audit, each within his scope of competence or by the external control carried out by the External Auditor. It also aims that each one shall acknowledge his responsibility even if authorizes others in performing some of his functions or powers since authorization is only in the task not in the responsibilities. The principle also aims to expose the social responsibility of the Company and the role it took towards society to participate in its prosperity and development as well as preserving the environment.

- **Justice & Equality:** Stakeholders, especially shareholders, are equal in rights and shall be treated without any discrimination whatsoever on the basis of race, gender, or religion and they shall have all the same rights arising from their share ownership or their capacity in the Company. Therefore, this Code devotes a special chapter on Stakeholders' rights in the Company, whether shareholders or others who have a position or interest in the Company, such as employees, creditors, clients, and suppliers, so as they can exercise their rights, especially the rights related to the General Assembly and shall be there easy ways for effective participation. The most important of such rights are voting right, right of Board member candidacy and election, dividend distribution right, and access to the Market right, as well as the adoption of the remuneration policy and providing incentives in the Company, including remuneration of the Chairman, Board members and Senior Executive Management.

As the justice and equality are universal human and moral values, they shall not be applied blindly and arithmetically – if not it might cause unfairness. Therefore, this Code emphasized on protecting the investors and Stakeholders rights in general and enabled them to exercise such rights, upholding values of protecting the Minority and the Company's employees by adopting preferential treatment for small investors and minority. The pillars of such treatment represented in: non-enabling or control by the majority to the Minority, non-control by one or more Board members in issuing decisions, adopting cumulative voting method in Board members election - such method of voting gives each shareholder voting rights equivalent to the number of owned shares.

The shareholder has the right to use the said votes for a single candidate or divide them among selected candidates without any duplication. This method could increase the Minority shareholders opportunities for a fair representation in the Board, and provide appropriate mechanism that enable all shareholders and other Stakeholders for access to Information to the extent that does not harm the interests of the Company and others' rights, as well as adopt a mechanism to apply for appeals, complaints and notification of any violations or risks that might threaten the Company.

“**This Code** is divided into seven chapters, as follow:

### **Chapter I**

Definitions

### **Chapter II**

Scope of Implementation of the Governance & Compliance with its Principles

### **Chapter III**

Board of Directors

### **Chapter IV**

Company's Control System

### **Chapter V**

Transparency and Disclosure

### **Chapter VI**

Stakeholder Rights

### **Chapter VII**

General Provisions

# Chapter I

## DEFINITIONS

### Article (1)

In the application of these rules, the following words and phrases shall have the meaning given to them hereunder, unless the context requires otherwise:

- State** : State of Qatar.
- Authority** : Qatar Financial Markets Authority (QFMA).
- Law** : Relevant law that regulates provisions of the person subject to this Code.
- Market** : The main market in the Qatar Stock Exchange.
- Foreign Market** : The regulated market established outside the State licensed to deal in securities in accordance with the provisions of foreign laws.
- Depository** : The company licensed by the Authority to carry out the functions of deposit and registration for everything related to securities traded on the financial markets (QCSD).
- Governance** : System by which a company is directed and controlled. The governance specifies the foundations and principles of the distribution of rights and responsibilities among the different participations in the Company – such as the Board of Directors, managers, shareholders and other Stakeholders – and spells out the rules and procedures for making decisions of the Company’s affairs.
- Governance Report** : An independent annual report that includes the Company’s disclosure on its compliance with implementation this Code principles and provisions signed by the Chairman and submitted to the Authority attached to its annual report.

- Company(s)** : Company or legal entity listed on the Market as the case might be.
- Board** : Board of Directors of the listed company, or those in charge of managing the listed legal entity, as the case might be.
- Board Charter** : A charter prepared by the Board to determine its functions, responsibilities and duties of the Chairman and members.
- Chairman** : A Board chairman of the listed company, or the person in charge to manage the listed legal entity according to the Law, its Memorandum of Association and its Articles of Associations.
- Non-Executive Board Member** : A Board member who does not have a full-time management position at the Company or who does not receive a wage.
- Independent Board Member** : A Board member, who has complete independence, A Board member shall be considered non-independent, if he or she, for example but not limited to:
1. Owns at least (1%) of shares of the Company or any company of its group.
  2. Is a representative of a legal person that owns at least (5%) of shares of the Company or any company of its group.
  3. Has been one of Senior Executive Management of the Company or any company of its group during the Year preceding Board election.
  4. Has a first-degree relative relation with any Board member or Senior Executive Management of the Company, or any company of its group.

5. Is a Board member of any company within the Company group in which nominated for its Board membership.
6. Has been an employee, during the Year preceding Board election, at any of the parties associated with the Company or any of its group such as External Auditors, and main suppliers, or if such member, during the two Years preceding the Board election, had controlling shares in any such party.
7. Has, directly or indirectly, any commercial or financial dealings with the Company or any company of its group during the two Years preceding Board election.

<b>Secretary</b>	: Person appointed by the Board pursuant to this Code, responsible for organizing and coordinating matters relating to the Board and to the Company.
<b>Senior Executive Management</b>	: Chief Executive Officer (CEO) and other executive managers reporting directly to him, including heads of the internal control units in the Company.
<b>Internal Control</b>	: Undertaking of financial audit, performance assessment and risk management carried out by an independent unit or more within the Company.
<b>External Auditor(s)</b>	: Person licensed pursuant to provisions of the Law, who is registered in the Authority external auditors' list to carry out the duty of revision and audit of financial statements and reports, to express an opinion in accordance with the rules and principles of the profession and the International Standards on Auditing (ISA) or auditing standards relating to Islamic financial institutions; and to confirm whether those financial statements are free of material mistakes; as well as the liquidations.

- Cumulative Voting** : Method of voting for electing the Board members, which gives each shareholder voting rights equivalent to the number of owned shares. The shareholder has the right to use the said votes for a single candidate or divide them among selected candidates without any duplication.
- Major Transaction(s)** : Any transaction or series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company business; or those whose gross value exceeds (10%) of the lesser of either the Company's market value or the net value of the Company's assets according to the latest announced financial statements.
- Information** : Information, data and documents associated with the establishment of the Company, its activities, reports and other Information that the Company must disclose and made it available to shareholders and enable them to access and obtain such Information according to the Law, provisions of this Code and other Authority's Legislations.
- Insider(s)** : Any person, due to the position, became acquainted with Information not available to the public. Such Information could affect attraction or reluctance of dealers in the securities of the Company or other companies in which the Company or the shareholders have interest, or could affect the Company's ability to meet its obligations. This could include the Board members, Senior Executive Management, employees of the Company or any company of its group and others who have access to such Information due to contractual, professional or other relations.

- Stakeholders** : Any person who has an interest in the Company based on a right or a legal position, such as shareholders, employees, creditors, customers, suppliers, and others.
- Related Party** : A person is considered a Related Party to the Company if that person is a Board member of the Company or a company of its group; is a Member of the Senior Executive Management of the Company or any company of its group; owns at least (5%) of the Company shares or any of its group; or is a relative of any of the former mentioned to the second degree. It also includes the legal persons controlled by a member of the Board of the Company or any company of its group or of Senior Executive Management and their relatives to the second degree, or that participated in a project or a partnership of any kind with the Company or any company of its group.
- Minority** : Shareholders who represent a class of shareholders that does not control the Company so that they are unable to influence the Company.
- Transactions** : Commercial or financial transactions of the same nature whose value amounted (10%) of the Company's transactions volume in one Year, or more than the average Company's total transactions during the last three Years.
- Year** : The financial year of the Company.

# Chapter II

## SCOPE OF IMPLEMENTATION OF THE GOVERNANCE & COMPLIANCE WITH ITS PRINCIPLES

### Article (2)

#### Scope of Implementation

The principles and provisions of this Code shall apply to companies, legal entities listed on the main Market unless there is a special provision on this regard stipulated in any of the Authority's Legislations.

The Company shall, in its annual report, disclose its compliance with provisions of this Code. In case of non-compliance with any principle or provision for reasons accepted by the Authority- taking into account the public interest, the Market interest or the protection of investors- the Company shall specify the article or articles that have not been complied with as well as to mention in the Governance Report the justifications of non-compliance- as the case might be.

### Article (3)

#### Compliance with Governance Principles

The Board shall commit to implement Governance principles set out in this Code, which are: Justice, Equality among Stakeholders without discrimination among them on basis of race, gender, and religion; and transparency, disclosure and providing Information to the Authority and Stakeholders at the right time and in the manner that enables them to make decisions and undertake their duties properly. The principles also include upholding the values of corporate social responsibility and providing the public interest of the Company and Stakeholders over the personal interest as well as performing duties, tasks and functions in good faith, integrity, honor and sincerity and taking the responsibility arising therefrom to the Stakeholders and society.

The Board shall constantly and regularly review and update Governance applications, and apply the highest principles of Governance when listing or trading any securities in the Foreign Market, and uphold fair-



trading principle among shareholders. The Board shall also update professional conduct rules setting forth the Company's values and shall constantly and regularly review its policies, charters, and internal procedures of which shall be binding upon the Company's Board members, Senior Executive Management, advisors, and employees. These professional conduct rules may include the Board Charters and committees, the policy of its dealings with related parties, and the Insiders' trading rules.

## **Article (4)**

### **Governance Report**

The Governance Report is an integral part of the Company's annual report and shall be attached with it and signed by the Chairman.

Without prejudice to the provision of Article (2) of this Code, the Governance Report must include the Company's disclosure on its compliance with the provisions of this Code. It must also include all the information regarding the implementation of its principles and provisions, which include, but not limited to:

1. The procedures followed by the Company in implementing the provisions of this Code.
2. The disclosure of any violations committed during the Year including violations and sanctions imposed because of non-compliance with implementation of any of principles or provisions of this Code, their reasons, the remedial measures taken and measures to avoid the same in the future;
3. The disclosure of the information relating to Board members and its Committees, Senior Executive Management in the Company, their responsibilities, powers and activities during the Year, as well as their remunerations;
4. The disclosure of the procedures of risk management and Internal Control of the Company including the supervision of the financial affairs, investments, and any relevant information;
5. The committees' works, including number of meetings and their recommendations.

6. Disclosure of the procedures followed by the Company in determining, evaluating and managing risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes;
7. Disclosure of the performance assessment of the Board, compliance of its members in achieving the Company's interest, doing the committee's works, and their attending of the Board and Committees. Disclosure of the performance assessment of the Senior Executive Management in implementing the Internal Controls system and risk management including identification of number of appeals, complaints, proposals, notifications and the way used by the Board to handle the regulatory issues;
8. Disclosure of the Internal Controls failures, wholly or partly, or weaknesses in its implementation, contingencies that have affected or may affect the Company's financial performance, and the procedures followed by the Company in addressing Internal Controls failures (especially such problems as disclosed in the Company's annual reports and financial statements);
9. Disclosure of the Company's compliance with applicable market listing and disclosure rules and requirements;
10. Disclosure of any conflict or dispute in which the Company is a party including arbitration and lawsuits.
11. Disclosure of operations and transactions entered into by the Company with any "Related Party".

# Chapter III

## BOARD OF DIRECTORS

### Article (5)

#### Requirements for the Board Member

The Board member must be qualified with sufficient knowledge of administrative matters and relevant experience to perform its duties effectively, and must devote enough time to do its job with integrity and transparency to achieve the Company's interest, goals and objectives.

The Board member must:

1. Not be under twenty-one years old with full capacity.
2. Not have been sentenced to criminal penalty, or a crime against honor or integrity, or any of the crimes stipulated in Article (40) of Law No. (8) Of 2012 concerning the Qatar Financial Markets Authority, and articles (334) and (335) of law No. (11) Of 2015 Promulgating Commercial Companies Law, or be prevented from practicing any work in the entities subject to the Authority's jurisdiction under Article (35 paragraph 12) of law No. (8) Of 2012 referred to, or have been bankrupted, unless been rehabilitated.
3. Be a shareholder owning, when elected, or within thirty days from its election date, a number of the Company's shares determined by Article of Association. Such shares shall be deposited to the Depository within sixty days from starting date of membership with prohibition from trading, mortgage or seize until the end of membership period, approved on the last budget of financial Year of doing business. Such shares shall also be allocated to ensure the rights of the Company, shareholders, creditors and third parties for the responsibility of the Board members. If the member does not provide the guarantee as mentioned, its membership becomes invalid. The Independent Member shall be exempted from this requirement.

The candidate for Board membership shall provide written acknowledgment stating not undertaking any legally prohibited job position to combine it with the Board membership.

In all cases, the Company shall commit to send a list of names and data of Board membership candidates attached with each candidate's curriculum vitae and original copies of candidacy requirements to the Authority at least two weeks before the date specified for Board election.

## **Article (6)**

### **The Board Composition**

The Board shall be composed pursuant to the Law and the Company's Articles of Association. At least one-third of the Board Members shall be Independent Board Members, the majority of the Board members shall be Non-Executive Board Members; and a seat or more of seats may be allocated to represent the Minority and another to represent the Company employees.

In all cases, the Board composition shall ensure that one member or more do not dominate issuing the Board decisions.

## **Article (7)**

### **Prohibition of Combining Positions**

Without prejudice to the Law provisions in this regard, it is prohibited for any one, whether in person or in capacity, neither to be a Board Chairman or a vice-chairman for more than two Companies which their headquarters located in the State, nor to be a Board member for more than three shareholding companies which their headquarters located in the State, nor to be a Managing Director in more than one Company which its headquarterd located in the State, nor to combine two memberships of two Companies exercising a homogenous activity.

It is also prohibited to combine the position of the Chairman with any other executive position in the Company. The Chairman shall not to be a member of any of the Board committees set out in this Code.

The Chairman and the members of the Board must provide an annual acknowledgment that no one of them shall combine the prohibited positions according to the Law and this Code provisions. The Secretary shall keep such acknowledgment in the file prepared for this purpose.

## Article (8)

### Key Functions and Tasks of the Board

The Board shall prepare a Charter called “Board Charter” detailing the Board’s functions, and rights, duties and responsibilities of the Chairman and members, according to the provisions of the Law and this Code, and shall be published at the Company’s website.

The Board Charter shall include the Board’s key functions and responsibilities including, at least the following:

1. Approving the Strategic Plan and main objectives of the Company and supervising their implementation, including:
  - 1.1 Setting a comprehensive strategy for the Company and key business plans and risk management policy, reviewing and directing them.
  - 1.2 Determining the most appropriate capital structure of the Company, its strategies and financial objectives and approving its annual budgets.
  - 1.3 Supervising the main capital expenses of the company and acquisition/disposal of assets.
  - 1.4 Setting the performance objectives and monitoring the implementation thereof and the overall performance of the Company.
  - 1.5 Reviewing and approving the organizational structures of the Company on periodic basis to ensure distinct distribution for the functions, tasks and responsibilities of the Company especially internal control units.
  - 1.6 Approving the procedures manual needed to implement the strategy and objectives of the Company, prepared by senior executive management. The manual shall include determining ways and means of the quick contact with the Authority and other regulatory authorities as well as all parties concerned to governance, including the appointment of a communication officer.
  - 1.7 Approving the annual plan of training and education in the Company that includes programs introducing the Company, its activities and Governance, according to this Code.

2. Setting the rules and procedures for Internal Control and supervising them, that includes:
  - 2.1 Developing a written policy that would regulate conflict of interest and remedy any possible cases of conflict by Board members, Senior Executive Management and shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.
  - 2.2 Developing full disclosure system as to achieve justice and transparency and to prevent conflicts of interest and exploiting the insider Information. Such system shall include procedures followed when dealing in securities by Insiders, and identify prohibited periods of their trading in securities of the Company or any company of its group, as well as preparing and updating a list of Insiders to provide a copy to the Board and the Market upon adoption or update.
  - 2.3 Ensuring the integrity of the financial and accounting rules, including rules related to the preparation of financial reports.
  - 2.4 Ensuring the implementation of control systems appropriate for risk management by generally forecasting the risks that the Company may encounter and disclosing them transparently.
  - 2.5 Reviewing annually the effectiveness of the Company's Internal Control procedures.
3. Drafting a Governance code for the Company that does not contradict the provisions of this Code, supervising and monitoring in general the effectiveness of this Code and amending it whenever necessary.
4. Setting forth specific and explicit policies, standards and procedures for the Board membership and implementing them after approval by the General Assembly.
5. Developing a written policy that regulates the relationship among the Stakeholders in order to protect them and their respective rights; in particular, such policy must cover the following:

- 5.1 Indemnifying mechanisms of the Stakeholders in case of contravening their rights pursuant to the Law and their respective contracts.
- 5.2 Mechanisms of complaints or disputes that might arise between the Company and the Stakeholders.
- 5.3 Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of Information related to them.
- 5.4 Put a code of conduct for the Company's executives and employees compatible with the proper professional and ethical standards, and regulate their relationship with the Stakeholders and mechanisms for supervising this Code and ensuring compliance there with.
- 5.5 The Company's social contributions.
6. Setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material Information to shareholders, creditors and other Stakeholders.
7. Inviting all shareholders to attend the General Assembly Meeting in the way charted by Law. The invitation and the announcement shall include a thorough summary of the General Assembly agenda, including the item of discussing and approving the Governance Report.
8. Approving the nominations for appointment in functions of Senior Executive Management, and the succession planning concerning the management.
9. Developing a mechanism for dealing and cooperation with providers of financial service, financial analysis, credit rating and other service providers as well as the entities that identify standards and indices of financial markets in order to provide their services for all shareholders in a quick manner with integrity and transparency.
10. Developing awareness programs necessary for spreading the culture of self-control and risk management of the Company.
11. Setting a clear and written policy that defines the basis and method of granting remuneration for the Board members,

in addition to incentives and rewards of Senior Executive Management and the Company's employees in accordance with the principles of this Code without any discrimination based on race, gender or religion. Such policy shall be submitted yearly to the General Assembly for approval.

12. Developing a clear policy for contracting with the Related Parties and presenting it to the General Assembly for approval.
13. Setting foundations and standards for evaluating the performance of the Board and the Senior Executive Management.

## Article (9)

### Board Responsibilities

The Board represents all shareholders; therefore, the Board must exert more due diligence and care in managing the Company in an effective and productive manner to achieve the interest of the Company, partners, shareholders and Stakeholders, and to achieve the public interest and investment development in the State as well as community development. The Board shall also bear the responsibility to protect shareholders from illegal or abusive practices and business, or any acts or decisions that may be harmful to them, discriminate among them, or let a group dominate another.

The responsibilities of the Board must be clearly stated in the Company's Articles of Associations and in "the Board Charter" referred to in the previous article.

Without violating the provisions of the Law, the Board must carry out its functions and duties, and bear responsibility according to the following:

1. The Board must carry out its duties in a responsible manner, in good faith and with due diligence. Its decisions should be based on sufficient Information from the executive management, or from any other reliable source.
2. A Board member represents all shareholders; shall undertake to carry out whatever might be in the interest of the Company, but not in the interests of the group it represents or that which voted in favor of its appointment to the Board.
3. The Board shall determine the powers to be delegated to the



- executive management and the procedures for taking any action and the validity of such delegation. It shall also determine matters reserved for decision by the Board. The executive management shall submit to the Board periodic reports on the exercise of the delegated powers.
4. The Board shall ensure that procedures are laid down for orienting the new Board members of the Company's business and, in particular, the financial and legal aspects, in addition to their training, where necessary.
  5. The Board shall ensure that sufficient Information about the Company is made available to all Board members, generally, and, in particular, to the Non-Executive Members, to enable them to discharge their duties and responsibilities in an effective manner.
  6. The Board shall not enter into loans that spans more than three years, and shall not sell or mortgage real estate of the Company, or drop the Company's debts, unless it is authorized to do so by the Company's Articles of Association. In the case where the Company's Articles of Association includes no provisions to this respect, the Board should not act without the approval of the General Assembly, unless such acts fall within the normal scope of the Company's business.

## **Article (10)**

### **Tasks Delegation**

Without prejudice to the competences of the General Assembly, the Board shall assume all the necessary competencies and powers for the Company's management. The Board may delegate to its committees to exercise some of such powers, and may form a special committee or more to carry out specific tasks to be stipulated in the decision of formation the nature of those tasks.

The ultimate responsibility for the Company rests with the Board even if it sets up committees or delegates some of its powers to a third party. The Board shall avoid issuing a general or an open-ended delegation.

## Article (11)

### Duties of the Board Chairman

The Chairman: is the president of the Company, represents it before the others and before the judiciary and is primarily responsible for ensuring the proper management of the Company in an effective and productive manner and working to achieve the interest of the Company, partners, shareholders and Stakeholders. The Board Charter must include tasks and responsibilities at least the following:

1. Ensuring that the Board discusses all the main issues in an efficient and timely manner;
2. Approving the agenda of the Board meeting taking into consideration any matter proposed by any other Board member;
3. Encouraging all Board members to collectively and effectively participate in dealing with the Board affairs for ensuring that the Board is working with its responsibilities to achieve the best interest of the Company;
4. Making available for the Board Members all data, Information, documents and records of the Company, and of the Board and its committees.
5. Creating effective communication channels with shareholders and making their opinions heard to the Board;
6. Allowing effective participation of the Non-Executive Board Members in particular and promoting constructive relations between Executive and Non- Executive Board Members; and
7. Keeping the members constantly informed about the implementation of the provisions of this Code, the Chairman may authorize Audit Committee or other committee in this mission.

The vice-chairman shall replace the Chairman during his absence, and the Chairman may authorize another of the Board members in some of his/her powers.

## Article (12)

### Board Members Obligations

The Board members shall comply with the following:

1. Attending meetings of the Board and committees regularly, and not withdrawing from the Board except for the need at the right time.
2. Giving priority to the interest of the Company, shareholders and all Stakeholders over their own interest;
3. Providing opinion on the Company's strategic matters, policy of projects implementation, staff accountability systems, resources, key appointments and operation standards;
4. Monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports;
5. Supervising the development of the procedural rules for the Company's Governance to ensure their implementation in an optimal manner in accordance with this Code.
6. Using their diversified skills and experience with diversified specialties and qualifications through an effective and productive management of the Company, and working to achieve the interests of the Company, partners, shareholders and other Stakeholders.
7. Effective participation in the Company's general assemblies, and achieving its members' demands in a balanced and fair manner.
8. Not to make any statements, data or Information without prior written permission from the Chairman, and the Board shall appoint an official spokesperson for the Company.
9. Disclosure of financial and trade relations, and litigants, including the judicial, which may affect negatively on carrying out the tasks and functions assigned to them.

The Board members, at the Company's expense, may request an opinion of an independent external consultant in issues relating to any of the Company's affairs.

## **Article (13)**

### **Invitation for Meeting**

The Board shall meet upon an invitation by the Chairman, and pursuant to what is stipulated in the Company's Articles of Associations. The Chairman may call the Board for the meeting upon a request by at least two of its members. The invitation, accompanied with the agenda, shall be sent to each member at least one week prior to the meeting date; the member may request to add an item or more to the agenda.

## **Article (14)**

### **Board Meetings**

The Board shall convene at least six meetings during the year and three months must not elapse without convening a meeting. The Board meeting shall be deemed valid if attended by the majority of the members provided that either the Chairman or the vice-Chairman attends the meeting.

The absent member may, by written request, delegate any other Board member to represent it in attendance and voting. A Board member cannot represent more than one member. If the Board member is absent from attending three consecutive meetings or four non-consecutive meetings without an excuse acceptable to the Board, the Board member shall be deemed as resigned.

Participation in the Board meeting may be done by any secure and known of new technologies that enable the participant to hear and actively participate in the Board agenda discussions and make decisions.

## **Article (15)**

### **Board Decisions**

Without violating the provisions of the Law in this regard, the Board shall pass its decisions by majority votes of attendants and representatives. In case of a tie votes, the Chairman shall cast the deciding vote. A minute shall be prepared for each meeting, including names of the attending and absent members, as well as the meeting discussions.

The Chairman and Secretary shall sign on the minute and if there is any member, who does not agree on any decision taken by the Board, may prove his objection in the meeting minute.

The Board, if necessary or urgent, may issue some decisions by passing subject to written approval of all its members to those decisions, and to be presented at the next Board meeting to include them in its minutes.

## **Article (16)**

### **Secretary**

The Board shall issue a decision naming the Board Secretary. A priority shall be for a person who holds a university degree in law or accounting from a recognized university or equivalent, and for who has at least three years' experience in handling the affairs of a listed company.

The Secretary may, upon the Chairman approval, requires the assistance of any employee of the Company to perform its duties.

## **Article (17)**

### **Tasks and Duties of the Secretary**

The Secretary shall provide assistance for the Chairman and all members in conducting their duties and shall comply to conduct all Board functioning, including:

1. Recording the minutes of the Board meetings setting out names of the attending and absent members and the meeting discussions and prove members objections to any decision issued by the Board.
2. Recording the Board decisions in the register prepared for this regard as per issuance date.
3. Recording the meeting held by the Board in a serial numbered register prepared for this regard arranged as per the holding date setting out names of the attending and absent members, the meeting discussions and the members objections, if any.
4. Safekeeping the Board meetings' minutes, decisions, reports, all Board records and correspondence, and its writings in paper and electronic records.

5. Sending to the Board members and participants - if any – the meeting invitations accompanied with the agenda at least two weeks prior to the meeting specified date, and receiving members' requests to add an item or more to the agenda with submission date.
6. Making full coordination between the Chairman and the members, among members themselves, as well as between the Board and the Related Parties and Stakeholders in the Company including shareholders, management, and employees.
7. Enabling the Chairman and the members to have timely access to all Information, documents, and data pertaining to the Company.
8. Safekeeping the Board members' acknowledgments of not combining prohibited positions pursuant to the Law and the provisions of this Code.

## Article (18)

### Board Committees

The Board, immediately after election and at its first meeting, shall constitute at least three committees as follows:

**First: Nomination Committee**, chaired by one of the Board members and a membership of at least two. When selecting the Committee members, the Board shall take into account the experience necessary for exercising the committee's functions, which are – at least - the following:

1. Developing general principles and criteria used by the General Assembly members to elect the fittest among the candidates for Board membership.
2. Nominating whom it deems fit for the Board membership when any seat is vacant.
3. Developing draft of succession plan for managing the Company to ensure the speed of a suitable alternative to fill the vacant jobs in the Company.
4. Nominating whom it deems fit to fill any job of the Senior Executive Management.

5. Receiving candidacy requests for the Board membership.
6. Submitting the list of Board membership candidates to the Board, including its recommendations in this regard, and sending a copy to the Authority.
7. Submitting an annual report to the Board including a comprehensive analysis of the Board performance to identify the strengths, weaknesses, and proposals in this regard.

**Second: Remuneration Committee**, chaired by one of the Board members and a membership of at least two. When selecting the Committee members, the Board shall take into account the experience necessary for exercising the Committee's duties, which are – at least - the following:

1. Setting the Company's remuneration policy yearly including the way of identifying remuneration of the Chairman and all Board Members. The Board members' yearly remuneration shall not exceed 5% of the Company's net profit after deduction of reserves, legal deductions, and distribution of the dividends (in cash and in kind) to shareholders.
2. Setting the foundations of granting allowances and incentives in the Company, including issuance of incentive shares for its employees.

**Third: Audit Committee**, chaired by an Independent Board Member and a membership of at least two. When selecting the Committee members, the Board shall take into account that: the majority of them shall be Independent Board Members; any person who has previously conducted audit for the Company within the previous two Years shall not be a candidate, directly or indirectly, for the Committee membership; and they shall have the experience necessary for exercising the committee's duties, which are – at least - the following:

1. Preparing and presenting to the Board a proposed Internal Control system for the Company upon constitution, and conducting periodic audits whenever necessary.
2. Setting the procedures of contracting with and nominating External Auditors, and ensuring their independence while performing their work.

3. Overseeing the Company's Internal Controls, following the External Auditor's work, making coordination between them, ensuring their compliance with the implementation of the best International Standards on Auditing and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS / IAS) and (ISA) and their requirements; verifying that the External Auditor's report include an explicit mention if it had obtained all the necessary Information and the Company's compliance with international standards (IFRS / IAS), or whether the audit was conducted based on International Standards on Auditing (ISA) or not.
4. Overseeing and reviewing the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports.
5. Considering, reviewing and following up the External Auditor's reports and notes on the Company financial statements.
6. Ensuring the accuracy about and reviewing the disclosed numbers, data and financial statements and whatever submitted to the General Assembly.
7. Making coordination among the Board, Senior Executive Management, and the Internal Controls of the Company.
8. Reviewing the systems of financial and Internal Control and risk management;
9. Conducting investigations in financial control matters requested by the Board.
10. Making coordination between the Internal Audit Unit in the Company and the External Auditor.
11. Reviewing the financial and accounting policies and procedures of the Company and expressing an opinion and recommendation to the Board on this regard.
12. Reviewing the Company's dealings with the Related Parties, and making sure whether such dealings are subject to and comply with the relevant controls.
13. Developing and reviewing regularly the Company's policies on risk management, taking into account the Company's business, market changes, investment trends and expansion plans of the



Company.

14. Supervising the training programs on risk management prepared by the Company, and their nominations.
15. Preparing and submitting periodic reports about risks and their management in the Company to the Board - at a time determined by the Board - including its recommendations, and preparing reports of certain risks at the behest of the Board or the Chairman.
16. Implementing the assignments of the Board regarding the Company's Internal Controls.
17. Conducting a discussion with the External Auditor and Senior Executive Management about risk audits especially the appropriateness of the accounting decisions and estimates, and submitting them to the Board to be included in the annual report.

## **Article (19)**

### **Committees' Work**

The Board shall issue a decision to nominate the chairman and members of each committee, identifying its responsibilities, duties and work provisions and procedures. Audit Committee shall meet at least six meetings a year.

It is prohibited to chair more than one committee composed by the Board, and it is not permissible to combine the chair of the Audit Committee and the membership of any committee. The Nomination Committee and Remuneration Committee may be combined together in one committee called "Nomination and Remuneration Committee".

The committee's meeting shall be deemed valid if attended by its chairman and the majority of the members. A minute shall be prepared for each meeting including the meeting discussions signed by the committee's chairman.

Each committee shall submit an annual report to the Board including its work and recommendations.

The Board shall review and evaluate the committees' achievements, and include it in the Governance Report.

# Chapter VI

## THE COMPANY'S CONTROL SYSTEM

### Article (20)

#### Internal Control

The Board shall adopt a proposal submitted by the Audit Committee on the Company's Internal Control. The proposal shall include control mechanism, duties and functions of the Company's departments and sections, its provisions and procedures of responsibility, and awareness and education programs for employees about the importance of self-control and Internal Controls.

The above-mentioned proposal shall include the Company's plan in risk management that at least includes identifying major risks that may impact the Company especially those related to new technology, the Company's ability to take risks, put in risks identification mechanisms to ensure its qualification and implement awareness programs and ways to mitigate them.

### Article (21)

#### Internal Control Unit

Internal Control system of the Company shall include establishing one or more effective and independent unit (s) for assessment and management of risk, financial audit and overseeing the Company's compliance with the controls of financial Transactions, especially those done with any Related Party. This unit shall be managed by one or more internal auditor (s) who has qualification and experience in financial audit, performance assessment and risk management, and has an access to all Company's departments to follow-up the unit work. The Board shall issue a decision on appointing and determining functions and remuneration of the internal auditor, and shall be responsible before the Board.

### Article (22)

#### Internal Control Reports

Every three months, the internal auditor shall submit to the Audit Committee a report on the Internal Control achievements in the Company. Based on the Audit Committee recommendation, the Board shall determine the data that the report should include, which are at

least the following:

1. Procedures of control and supervision in respect of financial affairs, investments, and risk management.
2. Review of the development of risk factors in the Company and the appropriateness and effectiveness of the systems in the Company to face the drastic or unexpected changes in the Market.
3. Comprehensive assessment of the Company's performance regarding its implementation of the Internal Control system in compliance with provisions of this Code.
4. The Company's compliance with applicable market listing and disclosure rules and requirements.
5. The Company's compliance with Internal Control systems when determining and managing risks.
6. The risks faced the Company, their types, causes and the actions taken in this regard.
7. The suggestions for addressing the violations and mitigating the risks.

## **Article (23)**

### **External Control**

The Audit Committee shall review and consider offers of External Auditors registered in the external auditors list of the Authority, and then submit to the Board a recommendation with reasons to choose one offer or more for appointment of the Company's external auditor. Immediately, after the Board's approval of the recommendation, it shall be included in the Company's General Assembly agenda.

The General Assembly shall appoint an External Auditor or more for one Year, renewable for a similar period or other similar periods up to a maximum of five consecutive Years, provided that the re-appointment shall not be before passing two consecutive Years. The External Auditor and its employees are prohibited neither to reveal the Company secrets, nor to combine between its assigned business, functions and duties and any other business in the Company, nor to work at the Company before at least one Year from the date of relations end with such Company.

## Article (24)

### Functions and Responsibilities of the External Auditor

The External Auditor shall inform the Board - in writing – about any risk to which the Company exposed or expected to be exposed, and about all of the violations immediately upon identification, as well as send a copy of that notice to the Authority. In this case, the External Auditor shall have the right to invite the General Assembly to convene pursuant to the Law provisions in this regard, provided that informing the Authority thereof.

The External Auditor – even if they are more - shall submit one report to the General Assembly and read it, as well as shall send a copy to the Authority with responsibility for the validity of data contained therein. Each shareholder of the General Assembly has the right to discuss with the External Auditor and seek clarification in any matter of the report.

The External Auditor's report must include whatever informs shareholders with the control works and performance assessment in the Company, especially relating to the following:

1. Appropriateness and effectiveness of Internal Control systems implemented in the Company.
2. The Company's ability in continuous of engaging activities and implementation of its obligations; that is evaluated independently of what shown by the Board.
3. The Company's compliance to develop all types of internal policies and procedures, and the appropriateness of them with the Company's status, as well as its compliance with their implementation.
4. The Company's compliance with its Articles of Associations and its compliance with the provisions of the Law and the Authority's relevant legislations, including the provisions of this Code.
5. The Company's compliance with the implementation of the best international standards in auditing and the preparation of financial reports as well as its compliance with international audit and accounting standards (IFRS / IAS) and (ISA) and their requirements.
6. The Company's cooperation with the External Auditor in providing access to the necessary Information to complete its duties.

# Chapter V

## DISCLOSURE & TRANSPARENCY

### Article (25)

#### Disclosure

The Company must comply with disclosure requirements, including the financial reports, the number of shares owned by each of the Chairman and the Board members, Senior Executive Management, and major shareholders or controlling shareholders. The Company must also comply with disclosure about information related to the Chairman, members, and committees of the Board as well as their scientific and practical experiences as in the Curriculum Vitae, and whether one of them is a Board member, Senior Executive Management of another Company or a member of any of their Board committees.

The Company must determine its policy on dealing with rumors by denying or proving, and on how to disclose clearly in writing without inconsistency with the Authority's relevant legislations. The Board must ensure the accuracy and truth of the Company's disclosure and its compliance with all disclosure rules.

### Article (26)

#### Conflicts of Interest

Without prejudice to the provisions of the Law in this regard, the Board shall comply with the principles of this Code and with the disclosure for dealings and transactions, which the Company enters into with any "Related Party" and in which such Related Party has an interest that may conflict with the Company's interest.

Prior at least a week from the date of holding the General Assembly called for considering the Company's budget and the Board's report, the Board must disclose in details for the shareholders about the abovementioned dealings and transactions, and must disclose them in the Company's annual report.

In all cases, the Company must not carry out any dealing or enter into any transaction with any “Related Party” only after the approval of the General Assembly of the Company, and must be included in the agenda of the next General Assembly to complete the procedures.

## **Article (27)**

### **Transparency and Upholding the Company’s Interest**

Any Related Party, which is a party, has a relation with a business dealing, or has a relation with or a transaction entered into by the Company, shall not attend the Board meeting while discussing that dealing, relationship or transaction. Such Related Party shall not be entitled to vote on what issued by the Board regarding these relationships or transactions.

In all cases, all relationships held by the Company with others must serve the Company’s interest, as well as all transactions shall be made according to market prices and on arm’s length basis and shall not involve terms that are contrary to the Company’s interest.

## **Article (28)**

### **Disclosure of Securities Trading**

The Board members, Senior Executive Management, all Insiders, their spouses and minor children must disclose any trading and transaction they carry out involving the Company’s shares and any other securities, and the Board shall adopt clear rules and procedures regulating trading of the Insiders in securities issued by the Company.

# Chapter VI

## STAKEHOLDERS RIGHTS

### Article (29)

#### Shareholders Equality in Rights

Shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the Law, regulations and relevant decisions.

The Company's Articles of Associations and by-laws shall include procedures and guarantees needed for all shareholders to exercise their rights. The rights, in particular, rights to dispose of shares, obtain the determined dividends, attend the General Assembly and participate in its deliberations and voting on decisions, as well as the right to access to Information and request it with no harm to the Company's interests.

### Article (30)

#### Access to Ownership Register

The Company shall submit, monthly, an application to the Depository to get an updated copy of shareholders register and keep it.

### Article (31)

#### Shareholder's Right to Access to Information

The Company's Articles of Associations and by-laws shall include procedures of access to Information that enable the shareholder to exercise full rights without prejudice to other shareholders' rights or harm the Company's interest.

The Company shall comply to check and update the Information regularly, and to provide the shareholders with all Information they deemed important and enable them to exercise their rights fully, using new and modern technologies.

## Article (32)

### Shareholders' Rights Related to General Assembly

The Company's Articles of Associations shall include regulating the shareholders' rights related to the General Assembly Meeting, including:

1. The shareholder(s) who owns at least (10%) of the Company's capital shall, for serious grounds, be entitled to request an invitation to convene General Assembly. The shareholders representing at least (25%) of the Company's capital shall be entitled to invite Extraordinary General Assembly to convene pursuant to the procedures prescribed by the Law and the regulations in this regard.
2. The right to request including certain issues in the General Assembly's agenda to be discussed in the meeting if the Board do not include such issues and the Assembly decided that.
3. The right to attend meetings of the General Assembly, and to allow the opportunity to effectively participate in them and in its deliberations as well as discuss matters listed in the agenda, and to facilitate knowing date and place of the Assembly and the issues listed in the agenda as well as the rules governing the discussions and asking questions.
4. A shareholder shall – in writing and upon a power of attorney- be entitled to appoint another shareholder who is not a Board member to attend the General Assembly on his behalf; provided that shareholder by proxy shall not own more than (5%) of the Company's capital shares.
5. The right of minors and shareholders restricted to attend the General Assembly meeting, to be represented by their legal attorneys.
6. The shareholder shall be entitled to ask questions to the Board members and shall be answered in a manner that does not prejudice the Company's interests and shall be entitled to appeal to the General Assembly if the answer considered as not sufficient.
7. The right to vote on General Assembly decisions, and to facilitate all information about the rules and procedures governing the voting process.



8. The shareholder shall have be entitled to object to any decision deemed for the interest or harm of a certain group of shareholders; or brings a special benefit for Board members or others without regard to the Company's interests, and be entitled to demonstrate this in the meeting minutes and to invalidate the objection according to the provisions of the Law in this regard.

### **Article (33)**

#### **Facilitating Effective Participation in General Assembly**

The Company shall choose the most appropriate place and time of the General Assembly, and shall use new and modern technologies in communicating with shareholders in order to facilitate the effective participation of the greatest number of them in the General Assembly.

The Company shall enable shareholders to know the matters listed on the agenda and any new matters accompanied by sufficient Information that enable them to make their decisions and shall also enable them to pursue the General Assembly minutes. The Company shall disclose the results of the General Assembly immediately upon finishing and send a copy of such minutes to the Authority immediately upon approval.

### **Article (34)**

#### **Shareholders' Rights Related to Voting**

Voting is a shareholder's right - can be exercised in person or by a legal representative – which shall not be waived or denied.

The Company is prohibited to put any limitations or take any action might hamper the use of the shareholder's voting right. The shareholders shall be afforded all possible assistance as may facilitate to exercise of the right to vote, using the new and modern technologies.

## **Article (35)**

### **Shareholders' Rights Related to Board Members Election**

The Company shall comply with disclosure requirements relating to Board members' candidates and shall inform in sufficient time the shareholders all the information of all candidates and their knowledge and practical experiences as in their Curriculum Vitae before the date determined for convening the General Assembly. The General Assembly shall elect the Board members by secret ballot in accordance with the Cumulative Voting method.

## **Article (36)**

### **Shareholders' Rights Regarding Dividends Distribution**

The Company's Articles of Associations shall determine - without prejudice to the Company's ability to fulfill its obligations to third parties - the minimum percentage of net dividends that should be distributed to shareholders. The Board shall lay down a clear policy for the distribution of such dividends, in a manner that may realize the interests of the Company and shareholders; shareholders shall be informed of that policy during the General Assembly and reference thereto shall be made in the Board report. The dividends approved by the General Assembly for distribution, whether they be in cash or bonus shares shall be given, as of right, to shares owners who are listed in the register kept at the Depository at the end of trading session on the day on which the General Assembly is convened.

## **Article (37)**

### **Shareholders' Rights Regarding to Major Transactions**

The Company's Articles of Associations shall include a specific mechanism for the protection of shareholders' rights in general and Minorities in particular in the event that the Company conducted Major Transactions that might harm their interests or prejudice the ownership of the Company's capital.

In all cases, the Company must disclose its capital structure, any

agreement concluded thereto, and the shareholders who own, directly or indirectly, (5%) or more of the shares.

### **Article (38)**

#### **The Stakeholders' Rights (non-shareholders)**

The Company shall maintain and respect the Stakeholders' rights. Each Stakeholder in the Company may request the Information related to his interest with attaching a proof of capacity, and the company shall provide the requested Information in a timely manner and in a way that does not threaten the others' interests or prejudice the Company's interests.

The Board shall establish, in writing, a mechanism that defines procedures of the Stakeholders' appeals against the decisions and actions of the Company's officials and Senior Executive Management, and other procedures to receive and consider their complaints, proposals and notifications regarding all aspects affecting the Company's interests and funds. The mechanism shall state the confidentiality of content of such complaint, proposal or notification, and shall protect the applicant, and deadlines to decide on appeals and response to complaints and proposals.

### **Article (39)**

#### **The Community's Right**

The Company shall do its part in community development and promotion, and the environment preservation through effective and meaningful participation system of corporate social responsibility.

# Chapter VII

## GENERAL PROVISIONS

### Article (40)

The Authority shall monitor the Company's compliance with implementation of this Code principles and provisions, which are considered as minimum of Governance principals if the Company is subject to other Governance rules or code according to its jurisdiction.

The Authority may issue rules to supplement or explain the principles and provisions of this Code, and is considered an integral part thereof.

### Article (41)

The Market shall include its issued rules (QSE Rulebook) with principles and provisions relating to trading, disclosure, and their relevant Information set forth in this Code, and shall notify the Authority of any violations of those principles and provisions.

The Market shall publish this Code on its website.

### Article (42)

In the case of any violation of the principles and provisions of this Code, the Authority may take any of the actions mentioned in Article (35) of Law No. (8) Of 2012 concerning the Qatar Financial Markets Authority.