



Corporate Governance Policy

Qatari German Company for Medical Devices Q.S.C.

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This policy is prepared in compliance with the guidelines set forth by Qatar Financial Markets Authority (QFMA) on Corporate Governance.

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Corporate Governance Policy

A . Scope of Application

The corporate governance policy applies to all employees of Qatari German Company for Medical Devices Q.S.C., referred to as “QGMD or the Company”. This policy must be adopted and implemented with due consideration to the organizational, legal and regulatory requirements.

B . Policy Statement

These statement, procedures and instructions set out the key corporate governance principles observed by QGMD and illustrate the practices and systems established by the Board in line with the Corporate Governance Code for Companies Listed in Markets Regulated by Qatar Financial Markets Authority (QFMA), Commercial Companies Law, QGMD Articles of Association and any other applicable laws and regulations in Qatar or in any other country where or any of its subsidiaries operate (“CG Codes”).

1 .0 Board Charter

The Company has devised a Board Charter to comply with the provisions of QFMA CG Code. The Charter shall detail the Board functions and responsibilities. The said document shall be published and made available to the public through the company website.

2 .0 Appropriate Balance of Responsibilities

QGMD strives to maintain a more proper distribution of responsibilities and duties between its Board of Directors (referred to as “the Board or BOD”) and executive management. Primarily, the Board is responsible for the overall management, leadership and direction of the Company’s affairs. Relatively, -managers are charged of managing and administering day-to-day business operation of the Company.

3.0 Division of Critical Positions

The Chairman and chief executive officer (general manager) of the Company are not the same person. As such, no one person has unfettered power to take decisions in the Company.

4.0 Conflict of Interests and Insider Trading

In any event, the Company shall not be permitted to enter into any commercial transaction) or contract with a related party unless carried out at arm's length basis in the normal course of business. This practice shall foster the principles of transparency, fairness and disclosure in addition to the requirement that a related party transaction should be approved by a majority of vote of shareholders, without the concerned party participating in the voting.

Any issue involving conflict of interest will be discussed in a Board meeting in the absence of the board member who may not in any event participate in the voting of the matter.

Approved related party transactions shall be clearly disclosed in the Company's annual report and specifically referred to in the General Assembly following such related party transactions.

The Company shall pose awareness to directors, executive management members and the employees that they shall not also use for their own financial gain or disclose for the use of others inside information obtained as a result of their being aware of material information relating to the Company. They may not, to this effect, buy or sell any securities or units of the company until such information has been disclosed to the public and the market has had an adequate opportunity to absorb such information. Relevant standards and best practices or regulations should be applied to define the stop trading period.

Material information as mentioned above is any information that an investor might consider important in deciding whether to buy, sell or hold securities. Information may be important for this purpose even if it would not alone determine the investor's decision.

Information is considered to be non-public unless it has been disclosed to the public. The disclosure of material, non-public information to others can cause serious legal difficulties for the Company, the party making the disclosure, and the party to whom any disclosure is made.

5 .0 Board Composition

The existing composition of the Board provides people with competencies and skills to motivate high performing talent, strategic insight, good understanding of management, ability for crisis management and industry specific experience. QGMD supports the principle of Board independence as it achieves a composition of all non-executive directors on the Board; two-thirds of Board members are independent.

C . Corporate Governance Structure

1 .0 General Overview

The Board of directors of Qatari German Company for Medical Devices Q.S.C. is committed for the implementation and continuous improvement of our corporate governance philosophy.

Sound corporate governance is a fundamental part of the Company culture and its business practices.

2 .0 Laws, Rules and Regulations

The Board is responsible for the Company's compliance with commercial laws, rules and regulations and the other CG codes. At least annually, the Board of Directors shall review this corporate governance policy and shall ratify or amend it as appropriate.

3 .0 Shareholders rights

The Board ensures that the shareholders' rights are respected in a fair and equitable manner as conferred in its articles of association. These rights include right to access

information, right to call for a general assembly, equitable treatment of shareholders right on exercising voting rights, information relating to board members' candidates including a description of candidate's professional and technical skills, experience and other qualifications.

3.1 Ownership Records

The Company shall maintain correct, accurate and up to date records of showing the ownership of shares.

The shareholder is entitled to obtain a copy of the following:

- i Shareholders' register,
- ii Board Members' register,
- iii Articles of Association and by-laws of the Company,
- iv Instruments creating a charge or right on the Company's assets,
- v Related party contracts and any other document as prescribed by QFMA as it decides upon payment of a prescribed fee.

3.2 Access to Information

The Company includes in its articles of association the clearly defined and documented procedures for access to information ensuring the shareholders right of access to Company documents and information in a timely manner and on a regular basis.

Furthermore, the Company has a website (www.qgmd.com) where all relevant information and public information and disclosures are posted. This includes all information that is required to be made public by the QFMA Corporate Governance Code and any related laws and regulations.

3.3 Shareholders Rights Concerning Shareholders' Meetings

The Company will continually seek that its articles of association includes sufficient provisions that affirm the right of the shareholders to call for a General

Assembly and be convened in a timely manner; in addition, the right to add items on the agenda, and to discuss, address, decide and raise questions with respect to any items on the agenda. To this end, shareholders shall receive all relevant information relevant to the right to make informed decisions.

3.4 Equitable Treatment of Shareholders and Exercise of Voting Rights

- **Voting Power.** Shareholders have the right to vote in proportion to their economic stake in the company. Each share is entitled to one vote..
- **Financial Equality.** All shares of the same class shall have the same rights attached to them, including the receipt of fair and equal financial treatment.
- **Vote Requirements.** Shareholders have the right to approve matters submitted for their consideration with a majority of the votes cast. Abstentions should not be included in the vote tabulation, except for purposes of determining whether a quorum is present. Shareholder votes cast “for” or “against” a proposal should be the only votes counted. Shareholders should have the right to vote on each separate and distinct issue. Proxy voting is permitted according to the relevant laws and regulations.

3.5 Shareholders Rights with regards to Board Members’ Election

The Company shall ensure that its articles of association includes stipulations ensuring the provision of information to shareholders about the candidates to the Board of Directors, including the description of their professional and technical skills, their experience and other qualifications.

The shareholders shall have the right to elect the board of directors through accumulative voting, by which each shareholder owns a total number of votes equal to the total number of owned shares.

3.6 Shareholders Rights with respect to Dividend Distribution

The Board of Directors will submit a clear policy on dividend distribution which will include the background and rationale of such policy with due consideration on the Company and the shareholders interest.

3.7 Capital Structure, Shareholders Equity and Major Transactions

- **Capital Structure.** Capital structure should be disclosed to its shareholders and should determine the type of shareholders agreements to be disclosed.
- **Minority.** The Company shall at all times seek amendment of its articles of association to include applicable provisions to protect minority shareholders in context of major transactions. These provisions shall also be in accordance to QFMA Corporate Governance Code, Qatar Commercial Companies Law No. 5 of 2002 and other relevant regulations.
- **Equitable Right.** The Company shall guarantees that its MOA/AOA provide for a mechanism that guarantees the disclosure of a public offering or an equitable right in selling the shares in case any changes affecting the ownership of the company capital, in addition to nominees voting in accordance with the interests of the beneficial owners.

4 .0 Stakeholders rights

The rights of the shareholders are respected and where stakeholders participate in the corporate governance arrangements, they are given access to relevant, sufficient and reliable information on a timely and regular basis.

The Board ensures that the Company's employees are treated according to the principles of fairness, equity and without any discrimination whatsoever on the basis of race, gender or religion.

The Board will develop a remuneration policy and mechanism enabling Company employees to report to the Board any suspicious behavior, where such behavior is unethical, illegal or detrimental to the Company.

5.0 Board of Directors

The conduct of the Board shall be constituted in the Board Charter.

5.1 Qualifications

The Board seeks to make sure that individuals who are nominated to be a director should demonstrate notable or significant experience in company's line of business, should possess the requisite intelligence, education and experience to make a significant contribution to the Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations; and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the shareholders. The following qualifications will be considered by the Board in evaluating a person's candidacy for membership in the Board:

- Members of the Board must have sufficient professional knowledge and experience enabling them to assume their oversight functions. They must have the ability to understand and make professional contributions with regard to strategy, operational activities, risk assessment and risk management, compliance with laws and regulations, accounting and financial reporting and communication.
- Members of the Board must be able to act on a fully informed basis, in good faith, with due diligence and care, and in the best interests of the Company and its shareholders
- Members of the Board shall meet the professional requirements implied by the volume, sophistication and complexity of the activities of the Company.
- Members of the Board must have sufficient time to fulfill their responsibilities.

5.2 Functions and Responsibilities

In addition to the functions and responsibilities set forth in the Company's Board Charter, the Board shall be responsible for:

- Setting forth management compensation and reviewing management performance to ensure succession planning concerning the Company's management;
- Protecting the Company from illegal, abusive or inappropriate actions and practices;
- Making sure that prior approval on specific matters on delegated functions and authorities on specific undertakings are obtained as instructions given by the Board.

Furthermore, Board members have fiduciary duties towards the Company. They are enumerated as follows:

- Exercise duties of care, loyalty and compliance to rules set out in related laws and regulations including corporate governance code and Board Charter.
- Act effectively to fulfill their responsibility towards the Company and to transmit correct and timely information to relevant stakeholders.

5.3 Chairman of the Board of Directors

Duties and responsibilities of the Chairman include, but not limited to:

- Ensure the proper functioning of the Board in an appropriate and effective manner including the timely dissemination of complete and accurate information to the board members.
- Ensure that the Board discusses all the main issues in an efficient and timely manner.
- Approve the agenda of every meeting of the Board of Directors taking into consideration any matter proposed by any other Board members. While this may be delegated by the Chairman to a Board member, still the Chairman remains responsible for the proper discharge of this duty by the said Board member.
- Encourage all board members to fully and effectively participate in dealing with the affairs of the Board for ensuring that BOD is working in the best interest of the Company.

- Ensure effective communication with Shareholders and communication of their opinions to the Board.
- Ensure the conduct of an annual evaluation to the Board's performance.

5.4 Communications

The Company sees communications as important part for running the business smoothly. As such, the Board will annually communicate about its affairs, the Company's corporate governance practices and the Board's perspectives on proposals submitted for shareholder consideration through an annual report distributed and posted on the Company's website.

Each Board member and Chair of the Board should attend the annual meeting of shareholders in person and will be available to respond to shareholders' questions. The Board encourages shareholders to attend the Company's General Assembly as it provides a valuable opportunity to discuss the Company, its corporate governance and other important matters.

On behalf of the Board, the Secretary to the Board engages in a regular effort to engage shareholders and other interested parties in a meeting about the Company's corporate governance practices. Shareholders will receive other communications about the Company in the form of the Company's filings, postings on the company website, earnings releases, press releases and Company presentations at investors and public conferences and press conferences.

The Corporate Secretary will receive and review any communications addressed to the Board, any Board committee or any director and take appropriate action after consulting with the Company's Head of Legal.

5.5 Non-executive members of the Board of Directors

A non-executive member is a Board member who has no executive administrative functions in the Company and does not designate all his time for QGMD and does not receive any monthly or annual benefit from the Company other than his benefit as member on the Board.

The duties of the non-executive board members include but are not limited to the following:

- Participate in the meetings of the board of directors and providing independent opinion on strategic matters, policy, performance, accountability, resources, key appointments and operation standards;
- Ensure that priority shall be given to the Company's and shareholders' interests in case of conflicts of interests;
- Participate in Company's Audit Committee;
- Monitor the Company's performance in realizing its agreed objectives, goals and review its performance reports including the Company's annual, half yearly and quarterly reports;
- Take part in the development of the procedural rules for the Company's corporate governance and ensure their implementation in a consistent manner;
- Use their skills, experiences, qualifications and competencies to serve the board of directors or the different committees by regularly attending the board meetings, participating in the general assemblies, and understanding the opinions of the shareholders in a balanced manner;
- If the requirement arises, consider an independent consultant in relation to any of the Company's affairs.

5.6 Independent members of the Board of Directors

An independent Board member is a member who does not have substantial connections with Qatari German Company for Medical Devices that may limit its ability to consider, discuss and take decision about the Company's affairs in an

objective and impartial way. A member on the board is not considered as independent in the following cases but not limited to:

If he has been during the last three years:

- Employee of Qatari German Company for Medical Devices;
- Employee, board member, owner, partner or major shareholder in a consulting entity (vendors) for QGMD (including the external auditors);
- Employee of an entity where any member of the senior executive management or his/her relatives or any other person submitting to the powerful influence of any senior executive is a member of QGMD board, its senior executive management or a major shareholder of QGMD. In this Framework, a shareholder is considered as major if he/she owns more than 10% of voting shares;
- Has a family relationship with any member of the senior executive management of the Company;
- Himself or any of his relatives has or had during the last three years any essential business or financial relationship with QGMD in a direct or indirect manner;
- Receive any essential benefit from the Company other than the benefit he/she received or receives as a member on the board of the company; or,
- Has been a member on the board of directors of QGMD for more than nine successive years.

5.7 Board Meetings

As stated in the QFMA Corporate Governance Code, the Board meetings shall comply with the following criteria:

- The Board shall hold meetings regularly, so as to ensure that the Board is effectively performing its duties.
- The Board shall meet not less than six times during a year.
- The Board shall meet when convened by its Chairman or upon the written request for two Board members. The invitation of the Board meeting shall follow the meeting guidelines as set forth in the articles of association.

5.8 Board Secretary

The Company will appoint a Board Secretary with adequate qualifications and experience in handling the affairs of public companies. He shall facilitate the smooth conduct of the board meetings, keep records of minutes and perform other relevant duties.

Appointment of Board Secretary shall follow the guidelines stated in the articles of association.

5.9 Other Board Practices and Duties

- The Board member shall ensure that the Nomination, Remuneration and Audit Committee members and representatives of the External Auditors attend the General Assembly.
- The Board shall put in place an induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the Company runs.
- The Company has adopted procedures as included in the articles of association as to removal of board members in the event of failing to attend board meetings.

6.0 Committees

6.1 The Nomination Committee

- Nomination and appointment of board members shall be made according to the rules stipulated in the articles of association and other applicable laws.
- This Committee will be comprised of the members of BOD. It shall be chaired by an Independent Board Member.
- Among the Committee's role is to conduct an annual self-assessment of the Board's performance.

- Nominated shall be based on the 'Fit and Proper Guidelines for Nomination of Board Members' stated in the QFMA Corporate Governance Code. In evaluation fitness and properness if a person, the Code implies to take into consideration the following:
 - ✓ Financial position;
 - ✓ Educational or other qualifications, or experience having regard to the nature of functions to be performed;
 - ✓ Ability to carry out the activity competently, honestly and appropriately; and
 - ✓ Reputation, character and integrity.

NOTE: The above qualifications must be considered in respect of the person (if the nominated person is a natural person) or a company and any of its officers) if the nominated person is a legal person).

Financial Fitness

The Nomination Committee shall not consider a person as financially fit when:

In case of natural person:

- Is financially insolvent or decided as bankrupt, or if he faces bankruptcy procedures or if he was adjudicated bankrupt, and he was rehabilitated within the previous three years;
- In the event where a rehabilitated bankrupt is appointed, the Committee should have regard to the circumstances of the discharge and whether the date of the discharge was recent;
- When a person has any relation with a legal entity that becomes unfit or lost the disposal authority over its funds or is controlled by a liquidation officer appointed by the court; or if he fails to meet his financial obligations towards the debtors or the beneficiaries; the qualification, honesty and integrity of this person should become under doubt. It may not be necessary to exclude this person from being appointed if he was involved in an immaterial case. The Committee can inquire further into the matter to establish whether or not

the circumstances reflect on the person's probity or competence as it is important for the Nomination Committee to be aware of any such instances, even when they make a decision to nominate such person.

In case of legal person:

- Is subject to receivership, administration, liquidation or other similar proceedings;
- Has failed to meet any judgment debt; and
- Is unable to meet any capital and financial regulatory requirements applicable to it.

Properness

This factor is assessed with reference to the person's academic and industry qualifications together with relevant experience. Nominated persons should have the skills, knowledge and professionalism necessary to perform their duties. The level of knowledge expected varies according to the level of responsibility.

Generally, understanding of the following brings about assessment on the properness:

- ✓ The general structure of the regulatory framework that applies to the Company's proposed activities;
- ✓ The legislations, laws, principles, and supervisory rules specific to stock markets;
- ✓ The obligations owed to clients and general obligations owed to their principals or employers;
- ✓ The financial products they deal in or advise upon and the market in which the service is provided;
- ✓ A person has to demonstrate the ability to carry on the regulated activity competently, honestly and fairly, and in compliance with all relevant laws, codes and guidelines promulgated by the QFMA and other regulators, as applicable.

The Nomination Committee shall not consider a person as proper when:

In case of natural person:

- Is mentally ill; or
- If he proves to be incompetent, negligent, or unorganized. This may be proved by subjecting the person to accountability procedures by a professional, commercial or regulatory body; or if he was dismissed or he was asked to resign from his position/job for being negligent, inefficient or unorganized;

In case of legal person:

- If the company has members on the board of directors, senior employees (manager or officer or board member or executive manager), major shareholders or controllers who do not meet the requirements provided for Properness guidelines;
- Failure to prove that it is qualified to accomplish the controlled activity in an efficient and effective way;
- Absence of infrastructure or internal control systems for efficient risk management, avoidance of any conflict of interest and provision for proper auditing.

Reputation, Character, Reliability and Financial Integrity

The Nomination Committee shall not consider a person as proper when:

In case of natural person:

- Poor reputation, untruthful or if he is not financially fit;
 - Proven by virtue of a judgment pronounced by any court or competent authority that he has committed any act of fraud or that he behaved badly or committed an unlawful act;
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- Convicted of a crime or was criminally accused of any charges related directly to the properness;
- Subject to any punishment or disciplinary procedures or if he is declared disqualified by any professional or regulatory authority related to commerce, business or any other profession;
- Prohibited to exercise any of his rights; or if any restrictions are imposed on him in terms of exercising any commercial work, business or profession that requires a specific license, registration or authorization under the law;
- If any competent courts rules that he is unfit to be member of a board of directors;
- If the Qatar Financial Market Authority or any other regulatory authority considers that he misbehaved in the market, violated any rules or guiding principles stipulated by the QFMA or any other regulatory authority or any relevant securities market in Qatar or outside Qatar (if applicable);
- If he is member on the board of directors or shareholders or manager in a company or an institution that;
 - ✓ Was prohibited to conduct its business (not under a voluntary decision on grounds not related to insolvency) or was inadequate or subject to judicial guardianship;
 - ✓ Was convicted of having committed an act of fraud;
 - ✓ Has not satisfied all its obligations towards the customers, or met the compensation funds covering the investors or the security funds among the members;

In case of legal person:

- Was found to be of poor reputation, reliability or lacking in financial integrity; or
- Similar to considerations will be given to the events described above (in case of natural persons).

NOTE: A person or a company appointed as a Board Member or a nominee member, respectively, must continue to comply with the above guidelines.

6.2 The Remuneration Committee

- This Committee shall be composed of at least three non-executive board members, the majority of whom should be independent.
- Its main role in the Company includes setting the remuneration policy of the Company, including remuneration of the Chairman and all Board Members as well as the member of senior management. The said policy has to be presented to the shareholders in the General Assembly for approval and shall be made available to public.
- Compensation may include fixed and performance-related components, noting that such performance-related components should be based on the long-term performance of the Company.

6.3 The Audit Committee

Audit Committee is responsible for reviewing the Company's financial reporting and policies and overseeing internal controls and compliance within the Company, in addition to monitoring audit responsibilities and internal and external audit matters. The Committee reviews the Company's internal control systems on a regular basis and communicates any material issues to the full Board. To ensure effective discharge of its duties, the Board provides all necessary resources to the Audit Committee to seek independent professional advice at the Company's expense.

This Committee shall be comprised of at least three members, the majority of whom should be Independent. It must include at least one member with financial and audit background and experience. If the number of available Independent Board Members is not sufficient to fill the Audit Committee Membership, the Company may appoint members that are not Independent provided that the Chairman remains to be Independent.

Any person who is or has been employed by the Company as external auditors within the last two years may not be a member of the Audit Committee, in all circumstances.

The Committee shall meet as regularly at least once every three months or as often as necessary. Minutes of meetings should be sufficiently maintained.

7.0 Internal Controls

Internal controls are formulated to ensure optimal operational efficiencies and to safeguard Company's assets. Day-to-day responsibility for internal control rests with management which includes putting in place policies and procedures, and processes for identifying, evaluating and managing risks faced by the organization.

The internal control of Qatari German Company for Medical Devices is furthered by the presence of an Audit Committee. The Board Audit Committee approves annually an internal control system to evaluate the methods and procedures related to the risk management, the application of the governance system adopted by the Company and the observance of the relevant laws and regulations. The internal control system sets clear standards for the responsibility and accountability across the company sections.

To ensure effective discharge of its duties, the Board provides all necessary resources to the Audit Committee to seek independent professional advice at the Company's expense. Internal auditor appointed by Audit Committee shall review the Company's internal control systems on a regular basis and communicates any material issues to the Audit Committee and relatively to the Board as a whole. The review shall include effective and independent units for risk evaluation and management, in addition to the internal financial auditing and the internal operational auditing, along with the external auditing. The internal control system guarantees that all the relevant parties' transactions are concluded in accordance with the relevant controls. The result of the review shall be submitted to the Audit Committee or the Board in a form of Internal Audit Report. The

frequency of report preparation should be at least three months as mandated in the QFMA Corporate Governance Code.

The Internal Audit Report shall contain information or assessment of the following:

- Control and supervision procedures over the financial affairs, investments and risk management;
- Comparison of the development of the risk factors in the organization and the systems in place to meet the unexpected changes in the market;
- Evaluation of the performance of the Board and the senior management in implementing the internal control system, including the number of times where the Board was notified of any control issues (including the risk management) and the method used by the management to address such issues;
- Any failure in implementing the internal control system; the weaknesses in implementing the internal control system; the emergencies that affected or that may affect the financial performance of the company; the procedures applied by the company to address the failure in implementing the internal control (mainly the problems disclosed in the annual reports and the financial statements of the company);
- Observance by the Company of the rules and conditions that govern the disclosure and the listing on the market;
- Compliance to the internal control systems when determining the risks and their management;
- All relevant information that describe the risk management in the company.

8.0 External Audit

External auditors are elected yearly by the shareholders who should be entitled for the approval of fees upon the recommendation of the Audit Committee as submitted to the Board of Directors. The External Auditors audit and verify the financial statements of the Company; prepare and issue the auditor's report and the annual financial statements; and assumes responsibility towards the shareholders, Board and regulatory authorities for integrity and transparency of their work.

As per QFMA CG Code, the following standards shall be applied with regard to the external auditors:

- Independent from the Company, qualified and appointed upon the recommendation of the Audit Committee to the Board;
- Compliant with the highest professional standards and shall not be contracted by the Company to provide any advice or services other than the audit of the Company;
- Attendance to the ordinary general assembly of the company where they present their annual report and reply on queries.
- Responsibility towards the shareholders and the company for applying the best professional practices when conducting their audit. The external auditors should inform QFMA and any other regulators of any failure by the Board of Directors to take the necessary action with regard to the suspicious matters raised or determined by the auditors;
- Change of external auditors every three years maximum, subject to the approval of the shareholders

9.0 Corporate Governance Report

As per QFMA Corporate Governance Regulations, annual Governance Report shall be prepared and to be signed by the Board Chairman for submission to QFMA at any time requested by QFMA. The report should be devised to include the following:

- Evaluation of the Board with respect to the compliance of the company with the provisions of this policy;
- The procedures applied by the Company in respect to:
 - Any violations committed during the financial year, indicating their reasons, the means of addressing them and the methods of avoiding them in the future;
 - The members and committees of the board of directors and their responsibilities and activities throughout the year, according to the categories and powers of those members; in addition to the method of determining the remuneration of the board and senior executive management members;

- The management's actions to address the issues raised and included in the internal audit report;

The Company must comply with the disclosure requirements including financial reporting as well as disclosing shareholdings of the Board Members, senior executives and major or controlling shareholders. Financial reports shall comply with IFRS/IAS and ISA standards and requirements.

In compliance to QFMA CG Code, the Company shall disclose information about its Board Members including notably a resume of each member describing his/her respective education, profession, other board seats. Names of the members of various Committees constituted by the Board shall also be disclosed.

The Company audited financial report shall be distributed to all shareholders.