



# Qatari German for Medical Devices

## **Board of Directors Terms of Reference**

October, 2012

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22 October 2012	1	Dr. Saif Al Hajari	Board Member	
22 October 2012	1	Mr. Abdullah Al Emadi	Board Member	

**AMENDMENTS RECORD:** All changes to this Terms of Reference will be circulated under cover of amendment sheets, the details of which should be entered below.

DATE	AUTHOR	VERSION	CHANGE REFERENCE

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# Chapter 1 Purpose and Authority

## 1.1 Purpose

The Board of Directors is responsible to oversee the management of QGMD and has primary responsibility to QGMD's shareholder(s) and works in their interest by guiding and monitoring the business and affairs of the Company. The Board of Directors is responsible for approving the overall strategic direction and policy framework for QGMD, and this responsibility is discharged through the Board of Directors' oversight of QGMD' management. As per the AOA, the company will be run by a Board of Directors and the Board may exercise the widest powers necessary to carry out the activities and functions required to fulfil the objectives of the company. The members of the Board of Directors must, at all times, act honestly, fairly and diligently in all respects, in accordance with the laws applicable to QGMD. Furthermore, the Board of Directors will, at all times, act in accordance with all relevant QGMD policies.

The Board of Directors is vested with powers to conduct QGMD's operations and to achieve its goals. Only the provisions of applicable laws, QGMD's Memorandum and Articles of Association, or a resolution taken by QGMD's shareholders, shall supersede and limit the authority and powers of the Board.

As the Board has the overall responsibility to steer the company, these terms of reference are intended to assist the Board in exercising its powers and in fulfilling its duties. These terms of reference are written with additional and supplemented wordings referring and in accordance with the stipulations of QGMD' Articles of Association and the Qatari Commercial Companies Law No. 5 of 2002 and QFMA's Corporate Governance regulations.

## 1.2 Authority

The QGMD Board of Directors is established and appointed pursuant to Article 29 and 30 of the QGMD Articles of Association with wide ranging powers and is empowered to undertake all actions required to manage the company. It has the authority and power to exercise its role and responsibility as set out in these terms of reference and granted to it in the AOA. Restriction of this power is only as provided by applicable law, these Articles or a resolution from the QGMD' General Assembly.

The Board is authorized to seek any information it requires from any employee in order to perform its duties and in fulfilling its commitment in upholding the pillars of Good Corporate Governance; namely that of accountability, transparency and integrity.

## 1.3 Amendments to the Terms of Reference

All amendments or updates to this Terms of Reference shall be provided in writing to the Secretary of the Board or the nominated custodian to the Board for approval. The approved amendments or updates of this Terms of Reference shall include the revision date, and be issued in writing by the QGMD BOD to the BOD Secretary.

# Chapter 2 Board Structure, Election and Term

## 2.1 Number

Pursuant to Article 29 of the QGMD's AOA, the Board shall be formed by a minimum of seven members appointed by the Ordinary General Assembly.

## 2.2 Criteria for Selection

Directors should have diverse professional backgrounds and experience in positions, with a high degree of responsibility. Members of the Board of Directors should have appropriate experience and know-how to effectively perform its functions and guide QGMD in achieving its strategic objectives. The Board should be of an appropriate size and competence in order to assist QGMD in managing current and emerging issues and to maintain the interests of QGMD. Members should also dedicate sufficient time to their functions as members on the Board of directors.

A Director qualifying for the membership of QGMD Board should represent the ethical and moral standing to which QGMD aspires to establish across the entity.

### **QFMA's Fit and Proper Criteria**

While Qatar Financial Markets Authority's "Directors' Fit and Proper Criteria" is applicable to the QGMD Board, this criterion shall be used in assessing the required qualities of the potential Board members.

The definition of a fit and proper candidate, according to QFMA is: "A person who is fit is a person who is financially sound. And a person who is proper is a person who is reliable because he enjoys good personal qualities such as professional competence, integrity and good reputation."

Please refer to Appendix [I] for a detailed excerpt of QFMA's Fit and Proper Criteria.

## 2.3 Independence

The Board shall comprise executive, non-executive and independent members in order to secure that the Board decisions are not controlled by one person or a small group of individuals.

At least one third of the Board members should be independent members and the majority of the members should be non-executive members.

Independence can be defined as, a member who is not under the influence of any factor that may limit his/her capacity to consider, discuss and decide on the Company's matters in an unbiased and objective manner (on the basis of facts only). By way of illustration and without prejudice to generality, a Board Member shall be considered non-independent in any of the following situations:

- If he or she is currently, or has been during the last three years:
  - An employee of the Company; and this includes senior executive management; or

- An employee or Board Member or owner or partner or a large shareholder of a consultant to the Company (and the consultant shall include the external auditor of the Company);or
- An employee of a legal entity where a senior executive manager of the company or anyone of his relatives or any other person who is under the control of either of them; is a member of the board of directors, or a senior executive manager, or a large shareholder of that legal entity. (In line with QFMA, a person is considered to be a large shareholder if he holds 10% or more of the voting shares of a company.)
- If he is a relative of a senior executive manager of the Company.
- If he or anyone of his relatives, has currently or within the last three years, direct or indirect substantial commercial or financial transactions with the Company.
- If he is currently receiving or has received during the last three years a substantial compensation from the Company other than the compensation that he receives as a Board Member (The term “substantial” is defined as set forth in this Code); and
- If he has been a Member of the Company’s Board for more than nine consecutive years.

## 2.4 Appointment and Term

In accordance with Article 31 of QGMD’ Articles of Association, QGMD Board of Directors are appointed for a maximum term of three years, which can be renewed.

At the end of the Board’s term, the Nomination and Remuneration Committee will recommend the nominees to the Board for election and appointment by the QGMD Ordinary General Assembly.

## 2.5 Vacancy

The office of a Director shall be deemed vacant in the event of the following:

- Death or incapacity of a Board member;
- Appointment is revoked by the QGMD shareholders’ General Assembly;
- Director’s resignation is submitted through formal written notification;
- Absence of a Director for three Board meetings within the same fiscal year; and

In case of vacancy on the Board, the continuing directors may continue to act as a Board, subject to the quorum requirements. Board vacancies with less than one year remaining as part of their term shall be filled by members nominated and appointed by the Board. Board vacancies with more than one year term remaining as part of their term shall be filled by a person appointed by the QGMD Shareholder’s General Assembly.

## 2.6 Committees

The QGMD Board of Directors is authorized to establish Committees in order to assist it in carrying out its responsibilities. These Committees advise and formulate recommendations to the Board of Directors, and except in limited and specifically identified circumstances, or as specified in their respective TORs, these committees do not have the authority to approve matters on behalf of the Board of Directors.

Each Committee has a written Terms of Reference, setting out the scope of its operations, its authority, and its key roles and responsibilities. It is the ultimate responsibility of the Board of Directors to oversee the direction and management of QGMD in accordance with applicable laws, rules, and regulations, while adhering to high ethical standards.

The following Board Committees have been established to assist the Board of Directors in carrying out its duties:

- Nomination and Remuneration Committee
- Audit Committee

These Committees are established in order to make recommendations to the Board of Directors on specific matters in relation to its activities. However, it is not intended that these Committees restrict the ability of the Board of Directors to make an independent assessment of the recommendations considering the Board of Directors knowledge of QGMD and the underlying structures and operations.

The Board of Directors will consider the recommendations and information presented to them. The Board will make its own independent assessment of these issues using the skill and judgment they possess.

The Board of Directors will consider and approve the Terms of References of the various Committees that relate to its respective activities.



# Chapter 3 Board Processes and Meetings

## 3.1 Meetings

### 4.1.3 Notice of Meeting

According to Article 37 of QGMD' AOA, the Board shall meet at the invitation of Chairman. The Chairman must call for the Board to convene if requested by two of its members.

Unless otherwise agreed, invitation to each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each Member and any other person required to attend at the discretion of the Board. Information to be discussed at a meeting will, whenever possible, be distributed to Directors within one week of the meeting date to permit Directors to prepare for a discussion of such matters. Sensitive subject matters may be discussed at meetings of the Board without written materials being distributed to Directors.

### 4.1.4 Frequency

- In accordance with Article 37 of QGMD' AOA, the Board of Directors shall meet as often as deemed necessary by the Directors in order to fulfil their duties and responsibilities as Directors and as dictated by the needs of the business, but at least six times during each fiscal year. A Board meeting should take place every two months.
- The Board meets at the Company's location, and may meet outside of the company's location subject to the approval of all members.
- The Board meeting will not be valid unless if attended by half the number of members, which includes the Chairman and Vice Chairman.

### 4.1.5 Information

- According to Article 40 of QGMD AOA, for each fiscal year, the Board of Directors will be presented with the audited financial statements of the company and a report on the activities of the company two month prior to the General Assembly's meeting. The Chairman and General Manager must sign all these documents.
- Other information which should be presented to the Board of Directors includes:
  - Minutes of meeting of other Board Committees;
  - Information related to recruitment, resignation, service termination, and remuneration of members of QGMD' Senior Management;
  - All significant actual or emerging risk events;
  - Any serious breach of QGMD' financial liabilities towards third parties;
  - Any serious breach of QGMD' information security;
  - Any serious Code of Conduct breaches; and
  - Material matters related to judicial actions or court cases and any important notices related to penalties.

- The Chairman of the Board is responsible to ensure that all Directors receive necessary, accurate and timely information.

#### 4.1.6 Meeting Agenda

- When preparing a specific meeting agenda to be presented to the Board, the Chairman shall consult the other members of the Board and the GM. The agenda and other documentation should be sent to the members in a sufficient time prior to the meeting (seven days in advance of the meeting dates) so that they may be able to consider such matters and prepare themselves for the meeting.
- Any director may, by notice in writing to the Chairman no more than seven days after receipt of such proposed agenda, request the addition of an item to the agenda for the Board meeting convened by means of such notice, and request that the Chairman (or his delegate) circulate to all Directors notification that the additional item or items will be discussed at such meeting, and such document or documents as such Director may request, and the Chairman will ensure that such requests are carried out.
- Once convened, the Board shall approve the agenda; should any member of the Board raise any objection to this agenda, the details of such objection shall be entered in the minutes of the concerned meeting.

#### 4.1.7 Participation

- The meetings shall be headed by the Chairman of the Board. In the absence of the Chairman, the meetings shall be headed by the Vice Chairman.
- The Board and the Board Secretary shall keep minutes of all the meetings that will be approved by the Chairman or Vice Chairman:
  - In accordance with Article 42 of QGMD' AOA and subject to the provisions of Article (105) of the Commercial Companies Law, the Board minutes of meetings should be recorded in a special register and signed by the Chairman of the Board, and the secretary of the Board;
  - The view expressed by each Director at any meeting shall be stated in the Minutes of Meeting;
  - The Chairman of Board of Directors shall ensure that successor obtains all previous Minutes of Meeting and in accordance with the principles of handover process.

#### 4.1.8 Quorum and Decision Making Process

- According to Article 37 of QGMD AOA, Board decisions are deemed valid by a majority of votes. Should there be a tie in the votes; the Chairman's vote will resolve the tie and members may record objections in the BOD minutes of meeting.
- Also in accordance with the aforementioned Article, a member of the Board of Director may be authorized to represent another member at the meeting and may vote on his behalf, provided such a delegation is made in writing. The BOD member may not represent or stand for more than one member other than himself.
- Any decision or determination of the Board reduced to writing and signed by all of Board member shall be fully as effective as if it had been made at a meeting duly called and held.

#### 4.1.9 Voting

- Each Director shall have one vote and the Board resolutions shall be passed by the affirmative vote of the majority of Directors present at a Board meeting. In the event of a tie vote, the Chairman shall have the casting vote to break the tie in terms of decisions and members may record objections in the BOD minutes of meeting.
- In accordance with Article 48 of QGMD' Articles of Association, it is not permitted for members of the Board of Directors to vote in the General Assembly on resolutions relieving them of responsibility and duties towards Management.

### 3.2 Performance Evaluation

- On an annual basis, the Board shall conduct a performance evaluation of the Board's structure and effectiveness to ensure that it is fulfilling its responsibilities in a manner that appropriately serves the interests of the QGMD shareholders.
- The annual performance evaluation of the Board shall be performed by the Chairman or an independent service provider. The represented skill set and experience shall be reviewed in light of the current business needs and the results of performance evaluations shall identify training needs for Board members. The nomination for the re-appointment of a member should take place after the evaluation of the performance and attendance of the member.
- On an annual basis, the Board shall review the annual evaluation reports of its Board Committees. The evaluation report will compare the performance of the Committee with the requirements of its respective Terms of Reference, and include any future improvements required.

# Chapter 4 Duties and Responsibilities of the Board

While QGMD' Senior Management is responsible for the management of the Company, the QGMD Board is responsible for the stewardship of the Company and for monitoring the actions of, and providing overall guidance, direction to, and oversight to QGMD management.

The major duties and responsibilities of the Board of Directors are:

## 4.1 Corporate Governance

- Approve QGMD' approach to governance issues and the adoption of corporate governance principles and guidelines for the company, namely:
  - Transparency;
  - Integrity;
  - Accountability;
  - Stewardship; and
  - Leadership
- Review and adopt the following:
- Approve the Delegation of Authority matrix, Table of Finance Authorities and respective policy in accordance with the statutory requirements and the business size and developments
- Develop and annually review a disclosure and insider trading and reporting policy for QGMD that addresses how the Company shall interact with analysts and the public; and contains measures for the Company to avoid selective disclosure; and
- Secure practices and mechanisms to remain up to date on new developments in the field of corporate governance issues.

## 4.2 Relation with shareholders and stakeholders

- Honour the fiduciary obligations to QGMD' shareholders by ensuring that the best interests of QGMD and its shareholders prevail over any individual business interests of any member of the Board. Monitor and work to improve return on, security of, and prospects for enhancement of the value of shareholder investment.
- Ensure that systems are in place for communication and relations with stakeholder groups, including, but not limited to, shareholders, employees, the financial community, and the communities in which QGMD operates. System effectiveness should be appropriately monitored in addition to the communications which are substantially sensitive and legally required.
- Develop and periodically review policies, procedures and systems for receiving feedback from shareholders and stakeholders with respect to the affairs of the Company. Adopt proper

practices for settlement of complaints or disputes that might arise between the stakeholders and QGMD.

### 4.2.3 Annual Report

- In accordance with Article 43 of QGMD AOA, the Board will review and present an annual report to the shareholders, addressing the following as a minimum:
  - All amounts received by the Chairman and Board members during the fiscal year in terms of wages, fees and salaries for attending Board meetings and other expenses allowance for any professional or administrative act within QGMD.
  - All benefits received by the Chairman and Board members during the fiscal year.
  - Bonuses proposed by the Board of Directors to be distributed to the Board members.
  - Amounts allocated to each current / former Board member.
  - Operations where any of the Board members or managers has any conflict of interest with the company.
  - Amounts actually spent for marketing in any manner whatsoever with the details of each amount.
  - Donations with the donor's statement and rationale for its donation and its specificity.
- The Board shall prepare this data and documentation no later than three months from the end date of the fiscal year for presentation to the QGMD General Assembly, which will be held within four months from the end date of the fiscal year
- In accordance with Article 49, the Chairman (or his deputy/delegate to the Board of Directors) shall lead the General Assembly meeting and is responsible to ensure the proper arrangements have been made for the General Assembly meeting to take place in alignment with the requirements specified in the AOA.
- In accordance with Article 41 of the QGMD AOA, the Board is responsible to provide the Agenda and Information Packs to the General Assembly at least three days prior to the meeting. The Chairman and members of the Board are responsible for Assembly and for providing the aforementioned data pack as well as ensuring the validity of the data and information provided.

### 4.3 Oversight of Operations

- Develop and periodically review policies with respect to decisions and other matters requiring Board approval;
- Determine and control the purposes, goals, activities and general characteristics of QGMD, meaning:
  - Establishing objectives;
  - Establishing scope of operations;
  - Setting fundamental strategies and policies;
  - Declaring dividends;
  - Approving annual budgets;
  - Approving major capital investments, loans or financing agreements; and
  - Providing recommendations and suggestions on mergers and acquisitions, subject to the approval of shareholders.

- Further to the above, the Board is required to review any other specific actions that are likely to have a substantial effect on QGMD or which the Board are legally required to approve as per QGMD' Articles of Association and Authority Matrix.
- Review with management the mission of QGMD, its objectives and goals, and the strategies it proposes to use to achieve them. Monitor QGMD' progress toward its goals and plans, and assume responsibility to revise and alter QGMD' direction where warranted.
- Oversee the conduct and performance of QGMD divisions to ensure they are being properly and appropriately managed. To discharge this duty the Board of Directors will give specific and regular attention to:
  - Ensuring setting key performance indicators/objectives for the performance of QGMD' functions/departments, and approve the same.
  - Monitoring performance against the strategic and business plans, and key performance indicators
  - Monitoring performance against local and regional peer and competitor companies
  - Enquiring into and following up areas of poor performance and their cause
- Oversee corporate financial operations, including:
  - Capital structure management, maintaining reasonable financial flexibility and safety while achieving an appropriate return on equity
  - Financial results reporting, and the sufficiency and reliability of applied financial reporting controls
  - Allocation of QGMD' assets (if applicable)
  - Maintaining access to suitable sources of new capital
  - Indemnity, social security and other major employee benefit programs
  - Dividend pay-out policy and action
  - Selection of outside auditors for approval by shareholders
  - Insurance
- Review and approve material transactions outside of the corporate budget, including but not limited to material long term contracts, licenses or obligations.

#### 4.4 Strategy

- Adopt a strategic planning process and annually review and approve the strategic plan proposed by QGMD' management and adopt the same with such changes as the Board of Directors deems appropriate;
- Review QGMD' operational plans, financial plans and budgets proposed by management and adopt the same with such changes as the Board of Directors deems appropriate;
- In connection with such reviews, the Board of Directors shall seek to provide a balance of long-term versus short-term orientation of QGMD' strategic and operational plans; and
- Review corporate performance against strategic plan, operations plans, financial and budget plans.

#### 4.5 Senior Management Appointment and Review

- Appoint GM and define his respective power or authority. Monitor and evaluate GM's performance;

- Approve appointment of members of Senior Management further to the recommendation of the Nomination and Remuneration Committee;
- Ensure that members of Senior Management are achieving acceptable current financial results relative to corporate objectives, budgets, and the economic environment, and are developing the resources necessary for future success.
- Monitor and evaluate performance of Senior Management, ensuring that there is adequate succession to their positions, and that they are replaced when appropriate.
- Review management succession plans and ensure that there is adequate succession key position and that positions are replaced when appropriate (i.e. GM and members of QGMD' Senior Management).
- Review major QGMD' organizational and staffing issues
- Establish an overall remuneration policy for QGMD based on the recommendation of the Nomination and Remuneration Committee, and monitor its implementation with special attention devoted to members of QGMD' Senior Management. Review the policy regularly to ensure its appropriateness.

#### 4.6 Maintenance of Systems Integrity

- Confirm with Audit Committee that it has reviewed and discussed the adequacy of QGMD' internal controls and management information systems; and
- Ensure that the Board of Directors has free and full access to management regarding all matters of compliance and performance.

#### 4.7 Risk Management

- Monitor the integrity of the Company's internal control and disclosure controls and procedures and management information systems;
- With the assistance of the Internal Audit function, identify the principal risks of the QGMD' business and ensure the implementation of appropriate risk assessments, systems, policies and processes to mitigate/manage these risks;
- Implement and ensure that systems are in place to monitor and maintain the integrity of QGMD' internal control and management information systems;
- Review and provide guidance to management on any outcomes, findings and issues arising in connection with the risk assessment and regular risk activities;
- Risk Identification and Management:
  - Instruct management to regularly escalate and report key risks
  - Review and discuss with QGMD' Senior Management key risks and systems designed to monitor and manage such risks.
- Oversee QGMD' capacity to identify and respond to changes in its economic and operating environments

## 4.8 Compliance

- Ensure that QGMD has in place appropriate environmental, health and safety policies, having regard to legal, industry and community standards, and ensure implementation of management systems to monitor the effectiveness of those policies;
- Provide leadership and policy direction to management with a view to establishing and maintaining a high standard of legal and ethical conduct; and
- The Board will be responsible and accountable to regulatory authorities for any breaches of compliance requirements.

## 4.9 Organizational Structure

- Approve QGMD' organisational structure defining consequent tasks, functions, duties, responsibilities and clear reporting lines for different managerial levels of the company after incorporating appropriate segregation of duties among compatible tasks.

## 4.10 Other Responsibilities

- Collectively and individually respond constructively to requests for advice and assistance from the Chairman.
- Manage Board operations, including, without limitation
  - Fix the size of the Board of Directors (subject to relevant required approval), review its composition and, when appropriate, identify new members to the Board of Directors
  - Ensure adopting a transparent mechanism to orient new Board members
  - Appoint appropriate Committee members and Committee Chairs
  - Define the duties and responsibilities of the Committees
  - Influence the structuring of agendas and how meeting time is spent
  - Meet legal requirements with respect to corporate administration
- Collectively and individually, members of the Board shall be well informed to actively contribute and participate in meetings.

## 4.11 Matters Reserved for the Board

There are matters that must be considered by the Board of Directors as a whole and may not be delegated to Board committees or individual members. The Board of Directors reserves the right to review and amend the following matters from time to time as considered necessary:

- Any submission to the shareholders of a question or matter requiring their approval.
- Nomination and Remuneration of Directors
- Appointment of Chairman.
- Appointment of GM.
- Remuneration of the GM.



- Membership and terms of reference of Board of Directors Committees.
- Annual review and update (if necessary) of the Board of Director's Terms of Reference.
- Matters referred to the Board of Directors by Board Committees.
- Annual Board self-assessment relative to the Board purpose, duties, and responsibilities outlined herein as well as those of its individual members.
- Review prior Board minutes of meeting and follow up on decisions taken and documented in the action sheet of prior Board meetings, in order to ensure that matters raised have been resolved.

The Board of Directors reserves the right to review and amend this list from time to time as considered necessary.

**4.12** The Board of Directors shall have full and free access to QGMD's Executive Management and other employees of QGMD and may, if deemed necessary, from time to time, invite members of QGMD's Senior Management to attend Board meetings.

#### **4.13 Access to Independent Advisors**

- Directors and Board of Directors Committees have the right, in conjunction with their duties and responsibilities, to seek independent professional advice at QGMD's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.
- The Board of Directors collectively, and each Director individually, may take, at QGMD's expense, such independent professional advice as is considered necessary to fulfil their relevant duties and responsibilities, after approval by the Chairman which may not be unreasonably withheld.

# Chapter 5 Chairman's Role and Responsibilities

## 5.1 Appointment

In accordance with Article 33 of the QGMD AOA, the Chairman of the Board of Directors is the head of QGMD and represents QGMD with others and in front of the judiciary system. The Chairman of the Board of Directors may delegate some powers to other members of the Board and is replaced by the Vice Chairman in his absence.

The QGMD Board of Directors shall appoint the Chairman and Vice Chairman from among its members.

The Chairman of the Board of Directors may not assume any other executive position in QGMD, such as the General Manager (GM).

## 5.2 Roles and Responsibilities

The Chairman of the Board of Directors is responsible to ensure that the activities undertaken by the Board are in the best interests of QGMD's shareholders.

In addition to the aforementioned Board member roles and responsibilities, the duties and responsibilities of the Chairman shall include:

- Ensure effective operation of the Board and its committees in conformance with the highest standards of proper corporate governance;
- Ensure effective communication between the Board and the shareholders, local regulatory and governmental agencies;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making;
- Provide complete, accurate and timely information and information packs to the Board members;
- Ensure Board meetings are conducted in an appropriate manner to address and attend to the matters established in its Agenda
- Encourage Board members entitled to express their views to do so for all board members to participate effectively in running the board affairs so as to ensure that Board's activities are in the interests of QGMD
- Ensure that all Board committees are properly established, composed and operated;
- Ensure new directors conduct comprehensive induction programmes and update programs are provided for all directors as and when necessary;
- Support the General Manager in the development of strategy and, more provide continuous support and advice to the General Manager;

- Maintain access to QGMD's Senior Management as is necessary and useful;
- Promote effective relationships and communications between non-executive directors and members of the Group Executive Committee;
- Advocate non-executive members of the board to have effective participation and encourage strong relationship among the executive and non-executive board members;
- Ensure that the performance of the Board, its main committees and individual directors is formally evaluated on an annual basis;
- Ensure decisions taken by at the Board meeting adequately reflect the views of the meeting as a whole;
- Ensure effective communication with shareholders and convey their opinions to the Board of Directors;
- In accordance with Article 40 of QGMD AOA, the Chairman and other Board member must, on an annual basis, sign the audited financial statements of the company and a report of the company's activities two month prior to the General Assembly's meeting; and
- In accordance with Article 49, the Chairman (or his deputy/delegate to the Board of Directors) shall lead the General Assembly meeting.

# Chapter 6 Board Secretary

## 6.1 Appointment of the Board Secretary

The QGMD Board of Directors should appoint a Secretary whose term of service is the same as that of the Board with the right of reappointment. The Board secretary may only be appointed or dismissed by a resolution issued by the Board of Directors.

## 6.2 Duties and Responsibilities

- Ensuring the smooth running of the activities of the Board and Board Committees by assisting the Chairman in developing required information packs (e.g. agendas, papers, presentations, etc.) to be circulated to Board members for upcoming meetings;
- Ensuring documentation of all minutes of meetings and that they accurately reflect the views of the Board;
- Acting as a primary point of contact and source of information, advice, and guidance for directors regarding QGMD' activities, in order to support the decision making process;
- Advising the Chairman on Board procedures and ensuring the Board follows them;
- Maintaining the Board Terms of Reference, and guiding Board activities to be carried out in compliance with the Terms of Reference.
- Collaborating with the Compliance Function and undertaking reviews of the legislative, regulatory and corporate governance changes or developments that might affect QGMD' operations or Board activities, and ensuring the Board is fully briefed on these and has access to them when taking decisions;
- Coordinating with the concerned departments regarding Board decisions that necessitate legal compliance and regulatory procedures;
- Ensuring compliance with all constitutional filings of QGMD' corporate documentation, e.g. filing of resolutions adopted at Annual General Meetings, amendments to Articles of Association, and any other filings required to be made with local Ministries and regulatory bodies;
- Ensuring, where applicable, that the standards and/or disclosures required by the local commercial laws and regulatory requirements are observed and, where required, reflected in the Annual Report of the Directors;
- Drafting the Annual Report of the Directors and coordinating the same with the concerned parties (i.e. Chairman and Board members, GM, Finance and Administration Function and Marketing Function);
- Preparing communication letters to the Board members, Board Committees, and relevant parties subject to the request of the Chairman. This includes handling the required communication protocol for the Board meetings;
- Assisting the Chairman to set and prepare Board meeting agendas, and circulating the same for Board directors seven (7) days in advance of the meeting dates;

- Attending Board meetings and Board Committee meetings at the request of the Chairman of the committee and preparing the minutes of meeting. Circulating the said minutes within one (1) working week to all Board members;
- Documenting and following up on the issues requiring Board action raised in subsequent Board meetings and recorded on the related meeting action sheet;
- Arranging the attendance of external parties which the Board has requested for upcoming Board meetings (e.g. consultants, legal advisors, auditors, or any other party);
- Distributing Board decisions to the concerned parties;
- Facilitating the flow of information of the Board, its Committee and between Senior Management;
- Facilitating the induction of new Directors to the business and providing guidance on their roles and responsibilities;
- Acting as a confidential sounding board to the Chairman and Directors on points that may concern them.
- Facilitating the implementation of Board policies and procedures.

All members of the Board shall have access to the advice and services provided by the Board Secretary.

### **Minutes of Meeting**

- In line with Article 42 of QGMD' AOA and subject to the provisions of Article (105) of the Commercial Companies Law, Board minutes of meetings should be recorded in a special register.
- The Secretary of the Board shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance in person or by proxy. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- The minutes of meeting should be signed by the Chairman of the Board, Board Directors and the secretary of the Board, and should be circulated by the Secretary to all Board members within seven (7) days of the meeting.
- The Board Secretary should ensure that all Board members have complete and swift access to all Board minutes, information, documents and records related to the company.

## Chapter 7 Director's Remuneration

- Director's remuneration is managed by the Nomination and Remuneration Committee and is approved by the Board, based on the recommendations of the Nomination and Remuneration Committee. Director's remuneration is set within the limitations identified by the Companies Regulations and Articles of Association. Any changes to the Articles of Association of QGMD are subject to the approval of shareholders in accordance with QGMD AOA.
- In accordance with Article 44 of QGMD' AOA, directors' remuneration shall not exceed ten percent (10%) of the distributable net profits.
- QGMD shall not grant cash loan whatsoever to any of its Board members or render guarantee in respect of any loan entered into by a Board member with third parties, excluding banks and other fiduciary companies.

# Chapter 8 Training

## 8.1 Training Requirements

The Members will be given induction and continuing training, which should cover, among other things, the role of the board of directors and Corporate Governance. Appropriate induction should also be provided to new Board of Directors allowing them to understand their role within QGMD' Corporate Governance Framework.

# Chapter 9 Confidentiality, Insider Trading, Disclosure

## 9.1 Confidentiality

All proceedings of the Board of Directors, including papers submitted and presentations made to the Board of Directors, shall be kept confidential and will not be disclosed or released to any person other than Board of Directors members, except as required by law, or as agreed by the Board of Directors.

Each of the Directors shall be required to execute a “Confidentiality Agreement” prepared by QGMD. The purpose of the Agreement is to prevent:

- Divulging to any outside party any of the confidential information acquired by a Director while serving in his/her capacity as a Director on the Board and/or on any of the Board’s Committees; and
- Exploiting insider information about QGMD and/or the transactions QGMD is involved in.

## 9.2 Insider Trading

“Insiders” refers to the group of people as listed below:

- Directors and officers of QGMD;
- Employees of QGMD; and
- Members of the households and immediate family members (including spouse and children) of persons listed above and other unrelated persons, if they live with or are supported by the persons listed above.

From time to time, other persons will become Insiders and be subject to these provisions if such persons have or may have access to material and non-public information or receive material and non-public information from any Insider.

Any person who is aware of or possesses material and non-public information regarding QGMD is an Insider for so long as the information is not publicly known.

Insiders are prohibited from:

- Passing material and non-public information on to any person unless the person has “need to know” business related reasons;
- Employing any device, scheme, or artifice to defraud;
- Making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made; and
- Engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.



## Conflict of Interest

A Board member shall notify the Board of Directors of any personal interest he/she may have in the business and contracts that are completed for QGMD's account. Such notification shall be entered in the minutes of such Board meeting. A Board member who is an interested party shall not be entitled to vote on the resolution to be adopted in this regard, if taken in the Board or otherwise.

The Chairman of the Board of Directors shall notify the shareholders, when convened, of the activities and contracts in respect of which a Board member may have a personal interest and shall attach to such notification a special report prepared by QGMD's auditors.

## 9.3 Disclosure

All Board members have to disclose on an annual basis the following through the Annual Declaration Statement:

- In full detail any and all financial and commercial transactions in which they have, or any of their immediate relatives has, a personal interest which might conflict with QGMD's interests;
- Any ties, relationships and ownership in other companies;
- Whether they serve on the Board of Directors of other companies; and
- The compliance with the criteria set forth within the Terms of Reference for the selection of Directors.

All members of the Board of Directors are expected to adhere to and apply QGMD's Code of Conduct.

# Appendix I

## QFMA's Fit and Proper Criteria: Guidelines for the Nomination of Board Members (Fit and Proper Criteria)

Fit and Proper Guidelines for the nomination of Directors (the Guidelines) are made under clause (15.3) of this Code. They outline a number of matters that the Nomination Committee should usually consider, in determining whether a person is fit and proper for membership of the Board.

The qualifications set out in these Guidelines should not be deemed to be exhaustive. They should be interpreted as complementing the provisions of applicable laws and regulations, and other relevant regulatory conditions. These Guidelines should be read in conjunction with the Code. 2. Definition of "fit and proper" A person who is fit is a person who is financially sound. And a person who is proper is a person who is reliable because he enjoys good personal qualities such as professional competence, integrity and good reputation. The Nominations Committee shall, in assessing a person's fitness and properness, take into consideration the following: (a) Financial position; (b) Educational or other qualifications, or experience having regard to the nature of the functions to be performed; (c) Ability to carry out the activity competently, honestly and appropriately; and (d) Reputation, character and integrity. 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). a) Evaluation of Fitness (Financial status) The Nomination Committee is not likely to be satisfied that a person is a fit person if that person: 1. In the case of a natural person:

(1) Is bankrupt or financially insolvent and has not been discharged, or is currently subject to bankruptcy proceedings or is a bankrupt who has been discharged within the previous three (3) years (2) In considering whether to nominate a bankrupt person who has been discharged, the Nomination Committee would have regard to the circumstances of the discharge and whether the date of the discharge was recent. (3) The Nomination Committee should have regard to the circumstances of the failure to meet a judgment debt and where a person has been associated with an entity that became insolvent, went into administration, was under the control of a Court appointed liquidator or otherwise failed to meet its financial obligations to creditors or beneficiaries, that person's competence, honesty and integrity may be brought into question. This may not necessarily mean that an instance in a person's past (for instance, where their association was at a very junior level) would rule them out. The Nomination Committee can enquire 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 where they make a decision to nominate such person.

2. In the case of a legal person:

(1) Is subject to receivership, administration, liquidation or other similar proceedings; (2) Has failed to meet any judgment debt; These requirements are aimed at identifying companies of dubious financial status or solvency. As with the same requirements in respect of individuals, the Nomination Committee would have regard to the circumstances of the failure to meet a judgment debt and the date of the act; (3) Is unable to meet any capital requirement applicable to it; and (4) Is unable to meet any financial regulatory requirement applicable to it.

(b) Evaluation of Properness is assessed with reference to the person's academic and industry qualifications together with relevant experience. 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. Persons are generally expected to be able to display an understanding of:

(1) The general structure of the regulatory framework that applies to the Company's proposed activities;

(2) The legislations, laws, principles, and supervisory rules specific to stock markets;

(3) The obligations owed to clients and the general obligations owed to their principals or employers; and (4) The financial products they deal in or advise upon and the market in which the service is provided. (5) 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 (where applicable). The Nomination Committee is not likely to be satisfied that a person is a proper person if that person: In the case of a natural person:

(1) Is of unsound mind; or

(2) There is evidence of his incompetence, negligence or mismanagement. Evidence may include the person having been disciplined by a professional, commercial or regulatory body; or dismissed or requested to resign from any position or office for negligence, incompetence or mismanagement; In the case of a legal person:

(1) Has Board Members or key personnel (such as managers, officers, Board Member, and Executive Manager), substantial shareholders or other controllers who fail to meet the Properness Guidelines;

The Nomination Committee believes that all persons involved in the management or control of licensed corporations and registered entities must be honest and fair.

(2) Has failed to demonstrate that it is competent to perform the regulated activities efficiently and effectively; and

(3) It lacks the infrastructure and internal control systems to manage risk effectively, avoid conflict of interests and provide a proper audit trail.

(c) Reputation, character, reliability and financial integrity The Nomination Committee is not likely to be satisfied that a person is not proper if that person:

1- In the case of a natural person:

(1) Has a poor reputation, or is not trustworthy or lacking in financial solvency;

(2) Convicted by a court or other competent authority for fraud, dishonesty or breach of law;

(3) Is convicted of a criminal offence or is the subject of unresolved criminal charges which are of direct relevance to properness;

(4) Censured, disciplined or disqualified by any professional or regulatory body in relation to any trade, business or profession;

(5) Refused or restricted from the right to carry on any trade, business or profession for which a specific license, registration or other authorization is required by law;

(6) Disqualified by a court of competent jurisdiction from being a Board Member;

(7) Found guilty of market misconduct by QFMA or another regulatory body, or failed to comply with

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any codes and guidelines promulgated by QFMA, other regulators or any relevant exchanges in Qatar or overseas (if applicable);

(8) A Board Member, substantial shareholder, or manager of a Company or business that:

(a) Was wound up (otherwise than by a voluntary dissolution unrelated to solvency) or was otherwise insolvent or had a receiver or administrator appointed; (b) Was found guilty of fraud; (c) Has not met all obligations to clients, compensation funds established for the protection of investors, or inter-member guarantee funds; (d) Has been found to have committed the acts described in (2) or (3) or (4) or (5) or (7) above. (9) Has been a party to an insolvency arrangement or entered into any form of compromise with a creditor involving a considerable amount.

2- In the case of a legal person:

(1) Was found to be of poor reputation or reliability, or lacking in financial integrity. Similar considerations will be given to the events described in (c) (1), (2), (3), (4), (5), (6), (7),(8) and (9) above; (2) Has been served with a winding up petition. 3. Continuing requirements: A person or a company appointed as a Board Member or a nominee member, respectively, must continue to comply with these guidelines.