



Qatar Navigation (MILAHA) Q.P.S.C
CORPORATE GOVERNANCE CHARTER

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PART I

INTRODUCTION AND DEFINITIONS

INTRODUCTION

This Charter has been prepared in implementation of the Corporate Governance Code issued by the Board of Directors of Qatar Financial Markets Authority (QFMA) No (5) of 2016. The Corporate Governance Code establishes the principles of good governance and defines the duties and obligations of the Board of Directors, senior executive management and employees of the company.

The conformity of the clauses of this Charter with the Commercial Companies Law No (11) of 2015 and the company's Articles of Association has been taken into consideration.

The purpose of this Charter is to promote the guidelines ought to be observed as far as possible, aiming at applying the Governance Code which would enhance the principles of justice and parity among the stakeholders, productive control and risk management, transparency and disclosure, in a way that will serve the shareholders' interest and enhance their confidence in the company.

This charter involves the way of managing the company and monitoring its affairs including for example, but not limited to, formation of the Board of Directors, duties of the Chairman and Board members, formation of the Board committees, terms and competence of its membership, provisions on internal and external control and the company's risk management, provisions on disclosure and transparency, and regulating the stakeholders' interests in the light of the principle of supremacy of public interest and equality of rights among the stakeholders.

In the event of contradiction between this Charter and the provisions of other regulations or laws issued in this regard, the latter shall prevail; consequently, the necessary amendment should be made to this Charter in the event of such contradiction.

Article (1)

DEFINITIONS

Authority	Qatar Financial Markets Authority (QFMA)
Market	The primary market in Qatar Stock Exchange
Foreign market	A regulated market established outside Qatar and licensed to deal in securities under the provisions of foreign laws
Depository	The company licensed by the Authority to carry out the duties of depositing and registering of everything relating to the securities traded in the Securities Exchange markets.
Governance Report	An independent annual report in which the Company discloses its commitment to implement the principles and provisions of this Code. The report is signed by the Chairman of the Board of Directors and submitted to the Authority annexed to the Annual report.
Company	Qatar Navigation Q.P.S.C. (a company listed in Qatar Stock Exchange.)
Board	The Company's Board of Directors.
Chairman	The Chairman of the Company.
Board's Charter	A charter prepared by the Board of Directors, determining its functions, responsibilities and duties of the Board's Chairman and members.
Non-executive Board member	A Board member who doesn't have a full-time position in the company's management or who doesn't receive a wage from the company.
Independent member	<p>A member of the Board of Directors who has complete independence. A Board member is considered non-independent if he/she, for example but not limited to:</p> <ol style="list-style-type: none"> 1. Owns at least 1% of the shares of the Company or of any company of its group.

	<ol style="list-style-type: none"> 2. Being a representative of a legal person that owns at least 5% of the shares of the Company or of any company of its group. 3. Has been a senior executive in the Company or in any company of its group during the year preceding the Board's election. 4. Has a first –degree family relationship with any Board member or a senior executive of the Company or of any company of its group 5. Being a Board member of any company within the Company's group for which he is nominated for its Board's membership. 6. Has been an employee, during the two years preceding the Board's election, with any of the parties associated with the Company or any of its group like external auditors or main suppliers; or, during the two years preceding the Board's election, had a controlling shares in any such party. 7. Has, directly or indirectly, any commercial or financial transactions with the Company or with any company of its group, during the two years preceding the Board's election
Secretary of the Board	The person appointed by the Board of Directors according to this Charter, who is responsible for organizing and coordinating the matters in connection with the Board and the Company.
Senior executive management	The Chief Executive Officer (CEO), and other executive managers reporting directly to him, including heads of the Company's internal control units.
Internal control	Works of Financial verification, performance assessment, risk management carried out by one or more independent units in the Company.
External auditor	A person licensed under the law and registered with the Authority in the list of external auditors for performing the tasks of reviewing and auditing of financial statements and reports and expressing his opinion therein in accordance with principles of the profession, international

	standards on auditing (ISA) or auditing standards for Islamic financial institutions, and confirming whether those financial statements are free from material mistakes; and tasks of liquidation as well.
Cumulative voting	Voting method for electing the Board members which allows each shareholder voting rights equivalent to the number of shares owned. The shareholder has the right to use the said votes for a single candidate or divide them among the candidates he selects without any duplication.
Major transaction	Any transaction, series of transactions, or linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for creating guarantees) assets of the Company or assets to be acquired by the Company, or transactions which would change the basic nature of the Company's business, or those the gross value of which exceeds 10% of the lesser of either the Company's market value or net value of the Company's assets in accordance with the Company's latest disclosed financial statements.
Information	The information, data, and documents associated with the Company's establishment, activities, and reports and other information which the Company must disclose and make available and accessible to the shareholders for enabling them to obtain such information in accordance with the law, provisions of this charter and other legislations of the Authority.
Insider (s)	Any person who becomes, due to his position, acquainted with information not available to the public; and that such information can be effective in attracting or repelling those trading in the securities of the Company or other companies in which the Company or shareholders have interest, or can affect the Company's ability in meeting its liabilities. This includes members of the Board, senior executive management, employees of the Company or any company within its group, or other persons who have access to such

	information due to their contractual, professional, or other relations.
Stakeholders	Any person having benefit in the Company based on a right, or legal status like the shareholders, employees, creditors, clients, suppliers, and others.
Related Party	<p>A person is deemed to have relation with the company if he is:</p> <ul style="list-style-type: none"> • A member in the Board of Directors of the company or of any associate company. • A member of the higher executive management. • Any person owning or controlling 10% or more of the voting rights in the company or in any of its associate companies. • Relatives of any of the natural persons mentioned in items (a), (b), or (c) above. • Any company in which the natural persons mentioned in items (a) to (d) own jointly or individually 20% of the voting rights; as well as the board members, general manager, and the key personnel in such company. • Parent company or associate company.
Minority	The shareholders who represent a class of shareholders which doesn't control the Company and so are unable to have influence on the company
Transactions	Commercial or financial transactions of the same nature amounting to 10% of the volume of the Company's transactions in one year, or exceeding the average of the Company's total transactions in the last three years.
Financial year	The Company's financial year.

PART II

SCOPE OF GOVERNANCE IMPLEMENTATION AND

COMPLIANCE WITH ITS PRINCIPLES

Article (2) - Scope of Implementation

The principles and rules of this Charter are applicable on the Company. The company should disclose in the annual report its compliance with the principles and rules of this Charter; if it fails to comply with any of the Charter's principles and rules, the Article/ Articles which it fails to implement their provisions must be specified in the Governance Report together with the reasons of non-implementation or non-compliance, as the case may be.

Article (3) – Compliance with Governance Charter

The Board is compliant with the Governance Charter's principles which are: justice, equality among the stakeholders without discrimination on grounds of race, gender, and religion; transparency; disclosure and provision of information to the Authority and stakeholders timely and in the manner that enables them make decisions and perform their duties properly. The principles of governance also include elevating of the values of the Company's social responsibility and preference of the interest of the Company and stakeholders over personal interest, and performance of the corporate duties, tasks, and functions faithfully and honorably and with integrity and taking on the liability arising therefrom versus the stakeholders and society.

The Board is committed to continuously and regularly review and update the applications of Governance, apply the best governance principles when listing or trading any securities in a foreign market, highly consider the principle of fair trading among shareholders. Further, the Board is committed to updating the employees' code of conduct which materializes the Company's values, regular periodical revision of its policies, charters, and internal procedures which shall be observed by the Board members, senior executive management, consultants, and employees. Among such policies etc. are: Charters of the Board, Board committees, policy of related party transactions, and rules of insider trading.

Article (4) –Governance Report

The Governance Report is an integral part of the Company' annual report, annexed to it, and signed by the Chairman.

Under the provision of Article (2) of this Charter, the Governance Report must include the Company's admission of its commitment to implement the provisions of the Charter. It must also include all the information in regard to the implementation of its principles and rules, including but not limited to:

1. Procedures followed by the Company in implementing the provisions of this Charter.
2. Disclosure of any violations committed during the year including the punishments and penalties imposed thereon due to non-compliance with any principles and rules of this Charter, and stating the reasons of non-compliance and the remedial measures taken and ways of avoiding same in the future.
3. Disclosure of information about the members and committees of the Board, Company's senior executive management and their powers responsibilities, activities, and remunerations during the year.
4. Disclosure of the procedures of the Company's risk management and internal control, including the financial affairs and investments and relevant information.
5. Activities of the committees, including the number of meetings and the recommendations they have proposed.
6. Disclosure of the procedures the Company follows in identifying the risks it may face, methods of assessing and managing the risks, and comparative analysis of the elements of risks faced, and description of the systems adopted for contesting the critical or unexpected changes in the market.
7. Disclosure of the assessment of the Board's performance and the extent of the Board members' commitment to accomplishing the company's interests, carrying out of the committee's duties, attending the meetings of the Board, and Disclosure of the assessment of the senior executive management's performance regarding the implementation of the system of internal control and risk management including the number of grievances, complaints, suggestions, and cases informed, together with the way the Board has addressed the controlling issues.
8. Disclosure of the whole or partial failures in implementing the internal control system or the weaknesses in such implementation, and disclosure of the contingencies that affected or may affect the Company's financial performance, and the procedures followed by the company in addressing the failures in

implementing the internal control system particularly the issues disclosed in the Company's annual report and financial statements).

9. Disclosure of the extent of the Company's compliance with the rules and conditions governing the processes of disclosures and listing in the market.
10. Disclosure of any conflict or dispute to which the Company is a party, including arbitration and court cases.
11. Disclosure of the transactions and deals made by the Company with any related party.

PART III

BOARD OF DIRECTORS

Article (5) – Conditions Required in Board Members

A Board member must be qualified and with sufficient knowledge about administrative matters, relevant experience to perform his duties perfectly, and shall devote enough time for carrying out his duty with integrity and transparency for realizing the Company's interests and goals. The Board member shall:

1. Not be below twenty years, and shall be fully eligible.
2. Not have been sentenced to a criminal penalty, or in a crime of dishonor or dishonesty or any of the crimes provided for in article 40 of law No (8) of 2012 on Qatar Financial Markets Authority and articles 334 and 335 of law No (11) of 2015 promulgating the Commercial Companies Law, or is being banned from practicing any work in the entities subject to the Authority's control under article 12 of law No (8) of 2012 referred to, or has been declared bankrupt, unless rehabilitated.
3. Be a shareholder owning, when elected or within thirty days from the date of his election, Forty thousand shares. These shares shall be deposited with the Depository within sixty days from the starting date of his membership during which these shall not be available for trading, mortgage, or seizure until the term of his membership ends, and he approves the financial position of the last financial year which the member has undertaken its business. Further, these shares shall be assigned for ensuring the rights of the Company, shareholders, creditors, and third parties regarding the liability on the Board members. If the elect member fails to give the guarantee as above, his membership becomes invalid; however an independent member is relieved from this requirement.

The nominee for the Board's membership shall submit a written declaration in which he admits that he is occupying any position legally prohibited to be occupied together with the Board's membership.



The Company is committed to send to the Authority a list including the names and data of the nominees to the Board's membership accompanied by the CV of each nominee and a true copy of the requirements of nomination, two weeks prior to the date fixed for the Board's election for approval.

Article (6) – Composition of the Board

The Board shall be formed as per the law and Company's Articles of Association, provided that one third of the Board members shall be independent members, and majority of the Board members shall be non-executive members. One or more of the Board seats may be allocated for representing the minority and another for representing the employees of the Company.

Article (7) – Combination of Positions Restricted

Without prejudice to the provisions of law in this regard, no person in his own or in capacity may be Board's chairman or vice-chairman in more than two companies based in Qatar, a Board member of more than three companies based in Qatar, a managing director in more than one company based in Qatar, or combine board membership of two companies doing similar activity.

The Board's chairmanship may not be combined with any executive position in the Company, nor the Chairman be a member of any of the Board committees provided for in this Charter.

The Chairman and Board members must each give an annual declaration, to be kept by the secretary in the specified file, in which each shall admit that he is not combining the positions restricted, by law or under this Charter, to be combined.

Article (8) – Board's Key Functions and Duties

The Board shall prepare a charter called "Board Charter" describing the duties of the Board, and rights, obligations, and responsibilities of the chairman and Board members as per law and this Charter; and shall be posted on the Company's website.

The "Board Charter" shall include the key duties and functions of the Board, at least the following:

1. Approval of the Company's strategic plan and main targets as well as overseeing the fulfilment of them, including:

- 1.1 Setting of the Company's comprehensive strategy, main business plans, and risk management policy as well as reviewing and orienting same.
 - 1.2 Determining the Company's optimal capital structure, strategy, financial targets, and approving its budgets.
 - 1.3 Supervising the Company's main items capital expenditure, assets owned, and disposing thereof.
 - 1.4 Determining the targets in the Company and monitoring the execution and overall performance.
 - 1.5 Reviewing and approving the Company's organizational structures periodically so as to ensure the perfect distribution of jobs, tasks and responsibilities within the Company particularly the internal control units.
 - 1.6 Approving the procedures manual of implementing the Company's strategy and targets, prepared by the senior executive management. The manual shall include setting the ways and means of contacting quickly the Authority, other regulatory organizations, and all parties concerned with Governance; these includes the appointment of a liaison officer.
 - 1.7 Approving the annual plan of training and education in the Company, provided that it includes a program introducing the company and its activities as well as the Governance according to this Charter.
2. Setting and Supervising the Internal Control Regulations & Procedures, including:
- 2.1 Developing a written policy that regulates the conflict of interests and treats the possible conflict cases by Board members, senior executive management, and shareholders. These include misusing the Company's assets and facilities, and mismanagement of related party transactions.
 - 2.2 Developing the full-disclosure system so as to achieve equality and transparency and prevent conflict of interests and taking advantage of insider information. The system shall include the procedures to be followed when insiders deal in securities, determining the times the insiders are banned from trading in the securities of the Company or of any company in its Group. In addition to preparing and updating the list of insider persons, and providing the Authority and the Market with copies of the list once approved or updated.
 - 2.3 Ensuring the soundness of the financial and accounting regulations including the regulations relating to the preparation of financial reports.
 - 2.4 Ensuring the implementation of appropriate control processes for risk management through the overall forecasting of the risks which may encounter the company and presenting them with transparency.
 - 2.5 Annual Review of the efficiency of the Company's internal control procedures.
3. Developing a Governance Charter for the Company in accordance with the Corporate Governance Code issued by QFMA as amended from time to time, supervising it, monitoring its effectiveness, and amending same if required

4. Setting up explicit and specific policies, standards, and procedures for the Board's membership; and implementation of same after approval by the General Assembly.
5. Developing in writing a policy regulating the relationship among the stakeholders for protecting them and maintain their rights. The policy must in particular cover the following:
 - 5.1 Mechanism for indemnifying the stakeholders in case of breaching their rights ensured by law and contracts.
 - 5.2 Mechanism for settling the complaints and disputes which arise between the Company and the stakeholders.
 - 5.3 Suitable mechanism for building good relationships with the Company's clients and suppliers and maintaining the confidentiality of their information.
 - 5.4 Development of a code of conduct for the Company's executives and employees compatible with the best professional and ethical standards, and regulates the relationship between them and the stakeholders; and mechanisms for supervising the code of conduct and ensuring compliance therewith.
 - 5.5 Regulation of the Company's social contributions.
6. Development of policies and procedures which ensure the company's compliance with the laws and regulations, and Company's obligation to the disclosure of information to the shareholders, creditors, and other stakeholders.
7. Inviting the shareholders to attend the General Assembly meeting as required by law. The invitation and the announcement shall include a sufficient summary of the General Assembly's agenda including the item regarding the discussion and approval of the Governance Report.
8. Approving the nominations for appointment on the executive management positions, and the plan of succession to these management positions.
9. Development of a mechanism for dealing and cooperating with the providers of financial services, financial analysts, credit rating providers, other service providers, and organizations which decide the financial markets' standards and indices in order to provide their services to shareholders quickly, trustfully, and transparently.
10. Development of awareness programs which promote the culture of autonomous control and risk management within the Company.

11. Approving an explicit written policy identifying the basis and way of granting remunerations to the Board members, and incentives and compensations to the Company's senior executive management and employees in accordance with this Charter's principles without discrimination on the grounds of race, gender, or religion. This policy shall be presented annually to the General Assembly for approval.
12. Development of explicit policy for contracting with Related Parties and presenting same to the General Assembly for approval.
13. Development of the basis and standards for evaluating the performance of the Board and senior executive management.

Article (9) – Responsibilities of the Board

The Board represents all shareholders, and therefore it should give off the necessary care in managing the Company in efficient and productive manner in a way that achieves the interests of the Company, shareholders, and stakeholders, and realizes public benefit, development of investments, and growth of community in Qatar. The Board shall also bear the responsibility of protecting the shareholders from illegal and ... actions and practices, or any actions or decisions that may be harmful to them, discriminate between them or enable a group to dominate another.

The Board's responsibilities should be clearly stated in the Articles of Association and in the Board' Charter.

Without violating the provisions of law, the Board has carry out its duties and roles and bear its mandate according to the following:

1. The Board shall carry out its duties with responsibility, and faithfully, diligently, and carefully. Its resolutions should be based on sufficient information from the executive management or any reliable. Source.
2. A member of the Board represents all of the shareholders, and should do whatever achieves the interests of the Company, not the interests of those whom he represents or of those who voted to his appointment in the Board.
3. The Board shall determine the powers it will delegate to the executive management, the procedures of taking decision, and the period of delegation; and shall also determine the matters which it retains the power of deciding on. The executive management shall submit periodical reports on its exercise of the delegated powers.

4. The Board shall ensure that procedures are laid for familiarizing the new Board members about the Company's business, particularly about the financial and legal aspects; in addition to their training, if necessary.
5. The Board shall ensure that enough information are made available to the Board members in general, particularly to the non-executive members in order to enable them discharge their duties and tasks efficiently.
6. The Board may not enter into loan contracts of terms exceeding three years, sell or pledge the Company's property, or relieve the Company's debtors from their liabilities, unless the Board is allowed to do so in the Articles of Association as per the conditions provided therein. If the Company's AOA includes no provisions in this respect, the Board may not take the actions above without permission from the General Assembly, unless these actions fall within the company's purposes.

Article (10) – Delegation of Tasks

Without prejudice to the powers of the General Assembly, the Board shall assume all powers and authorities necessary for managing the Company. The Board may delegate some of its powers to be practiced by certain Board committees. The Board has the right to form one or more special committees for carrying out specific tasks, in condition that the resolution of forming such committees shall state the nature of such tasks.

The ultimate responsibility for the Company shall remain on the Board, even if it formed committees or authorized other bodies or persons to carry out some of its activities. The Board should avoid the issuance of general or open ended authorizations.

Article (11) – Duties of the Chairman

The Chairman is the Head of the Company representing it against third parties and before the court, and is primarily responsible for the good management of the Company efficiently and productively, and shall work to achieve the interests of the Company, shareholders and all stakeholders. The Board's Charter shall include Chairman's duties and responsibilities, at least the following:

- 7.1 Ensuring that the Board would discuss the core issues efficiently and timely.
- 7.2 Approve the agenda of any of the Board meetings taking into consideration any issue suggested by any of the Board members.

- 7.3 Encouraging the Board members to participate fully and effectively in carrying on the affairs of the Board of Directors in order to ensure that it is achieving the interests of the company.
- 7.4 Making all the data, information, documents, and records of the Company and the Board and its Committees available to the board members
- 7.5 Creation of actual communication channels with the shareholders and enable them convey their opinions to the Board of Directors.
- 7.6 Allow the members of the Board of Directors, the non-executives in particular, to participate effectively; and shall encourage constructive relations among the executive and non-executive Board members.
- 7.7 Keeping the members constantly informed about the implementation of the provisions of this Charter. The Chairman may authorize some of his powers to the Audit Committee or else.

The Vice chairman the Chairman in his absence. The Chairman may authorize some of his powers to another board member.

Article (12) – Board members Obligations

The Board members shall comply with the following:

1. Attend the meetings of the Board and its committees regularly and may not withdraw from the Board meeting, except if necessary and in suitable time.
2. Give priority to the interests of the Company, shareholders, and all stakeholder before their own.
3. Express opinion on the Company's strategic matters, project execution policies, employee accountability systems, resources, key appointments, and work standards.
4. Monitor the Company's performance towards achieving its purposes and targets, review its performance reports including the annual, interim, and quarterly reports.
5. Supervise the development of the procedural rules on Governance, and take action for implementing them perfectly in accordance with this Charter.
6. Employ their diverse skills and experiences - with the diversity of their competencies and qualifications – in managing the company efficiently and productively, and work for achieving the interests of the Company, shareholders, and other stakeholders.

7. Participate effectively in the General Assembly meetings of the company, and respond to the demands of the GA members in balanced and fair manner.
8. Shall not give no releases, statements, or information without prior written permission from the Chairman or whom he authorizes therefor. The Board shall appoint an official spokesman for the Company.
9. Disclose the financial and commercial relationships and court cases which may negatively affect the carrying out of the tasks and duties assigned to them.
10. The Board members may, at the Company's expense, ask for the advice of an independent consultant regarding any issue of the Company.

Article (13) – Invitation for meeting

The Board shall meet upon an invitation from the Chairman, and pursuant to the provisions of the Company's Articles of Association. The Chairman shall invite the Board to meet if at least two members requests that. The invitation accompanied by the agenda shall be sent to each member at least one week before the date fixed for the meeting. Any Board member may demand adding one or more items to the agenda.

Article (14) – Board Meetings

The Board shall hold at least six meetings during the year. Three months may not elapse without holding one meeting; and the Board's meeting shall be deemed valid if attended by the majority of the members and in the presence of either the Chairman or vice-chairman.

An absent member may delegate in writing any Board member to represent him in the meeting and in voting; provided that a single Board member may not represent more than one member. If a Board member fails to attend three consecutive meetings or four non-consecutive meeting without excuse acceptable to the Board, he shall be deemed resigned.

Participation in a Board meeting may be done by any secure and recognized modern technological aid, which enables the participant to hear and effectively participate in the Board activities and taking decisions.

Article (15) – Board Resolutions

Without breaching the provisions of law in this regard, the Board Resolutions shall be passed by majority of the votes of the attendants and representatives. In the event of tie,



the Chairman's side shall outweigh. Minutes shall be taken down for every meeting, including the names of present and absent members, and discussions of the meeting, signed on by the meeting's president and secretary. Any member who has disagreed on any resolution adopted by the Board has to record his objection in the minutes. If necessary and for urgency reasons, the Board may issue some of its Resolutions off meeting in condition that all the Board members shall approve the resolution in writing and presented, and same shall be presented to the next Board's meeting to be included in its minutes.

Article (16) – The Secretary

The Board shall issue a resolution naming the Secretary of the Board. The priority shall be to a holder of university degree in law or accounting from a recognized university, or equivalent, and to a person having at least three years of experience in handling the affairs of a listed company.

The Secretary may, upon approval of the Chairman, require the assistance of any employee of the company in performing his duties.

Article (17) Tasks and duties of the Secretary

The Secretary shall help the Chairman and Board members in carrying out their duties, and should steer all activities of the Board, including:

1. Record the minutes of the Board meetings in which he takes down the names of the attending and absent members, discussions in the meeting, and member objections to any resolution approved by the Board.
2. Record the Board resolutions in the record book prepared for this purpose, as per the date of issuance.
3. Record the meetings held by the Board in the record book prepared for this purpose, numbered serially and arranged according to the date of holding the meeting and showing the names of attending and absent members, discussions in the meeting, and objections, if any.
4. Safekeeping the Board meeting's minutes, resolutions, reports, and all registers and correspondence both in hard copies and soft copies.
5. Send to the Board members and the participants, if any, the invitation to meetings accompanied by the agenda at least two weeks before the date specified for the meeting; and receive any requests submitted by members for the addition of one or more items to the agenda and record the date of submission.

6. Carry out full coordination between the Chairman and the Board members, among the Board members themselves, and between the Board and the stakeholders including the shareholders, management and employees.
7. Enable the Chairman and members to have quick access to all the Company's documents, records, and information and data.
8. Safekeeping the Board members' declarations on non-combining the positions restricted, by law or under this Charter, to be combined.

Article (18) – Board Committees

Immediately after its election, the Board in the first meeting shall form at least three committees as follows:

First: Nomination Committee

Chaired by one of the Board members and membership of at least two; in the selection of the Committee members, consideration shall be given to the experience required for exercising the Committee's duties, at least the following:

1. Development of general principles and criteria for helping the General Assembly in electing those more fit, from among the nominees, for the Board's membership.
2. Nominating the persons it deems suitable for the Board's membership when any of its seat become vacant.
3. Drafting a plan of succession for filling any of the senior executive management positions.
4. Nominating the persons it deems suitable for the Board's membership when any of its seats become vacant.
5. Receiving the applications for nomination to the Board's membership.
6. Present to the Board the list of nominees to the Board's membership, including its pertinent recommendations; a copy of same shall be sent to the Authority.
7. Present to the Board an annual report including comprehensive analysis of the Board's performance identifying the strengths, weaknesses, and its suggestions in this regard.

Second: Remuneration Committee

Chaired by one of the Board members and membership of at least two; in the selection of the Committee members, consideration shall be given to the experience required for exercising the Committee's duties, at least the following:



1. Determine the Company's general remuneration policy annually, including the method of calculating the remuneration of the Chairman and Board members, provided that this shall not exceed 5% of the Company's net profit after deducting the reserves, legal deductions, and distribution of cash and bonus dividends to the shareholders.
2. Setting the principles of granting allowances and incentives in the company, including the issuance of bonus shares to the employees.

Third: Audit Committee

Chaired by one of the Board's independent members and membership of at least two. In selecting the Committee members, the majority shall be independent members and that no one them, during the two years before the nomination to the Committee's membership, has directly or indirectly audited the accounts of the Company. The members shall have the experience required for exercising the Committee's duties, at least the following:

1. Preparing a proposal on the Company's Internal Control System immediately after formation of the Committee and present it to the Board; and conducting periodical reviews, when necessary.
2. Setting the principles of nominating the external auditors, contracting with them, and ensuring their independence in performing their work.
3. Overseeing the Company's Internal Audit activities, following up on the External Audit work, coordinate between them, and ensuring that both are complying with the application of the best International Standards on Auditing, preparation of financial reports in accordance with International financial reporting standards (IFRS/ IAS) and (ISA) and their requirements, and verifying that the auditors' report includes a clear indication that they have obtained all necessary information, whether the Company is compliant with the international standards (IFRS/ IAS), and whether the audit is conducted in accordance with the international standards on auditing (ISA) or not.
4. Overseeing the accuracy and correctness of the financial statements, and the annual, interim, and quarterly reports; as well as reviewing them.
5. Considering and examining the external auditor's reports and comments on the Company's financial statements, and following up on them.
6. Ensuring the accuracy of the Company's presentations to the General Assembly and the numbers, data, and financial reports disclosed therein, and verification of these numbers, data, and financial reports.
7. Coordinate among the Board of Directors, senior executive management, and Company's internal audit.

8. Reviewing the systems of financial and internal control, and risk management.
9. Conducting investigations on issues of financial control, under assignment from the Board.
10. Coordinate between the Company's internal audit department and the external auditor.
11. Reviewing the Company's financial and accounting policies and procedures and expressing opinion and recommendation on them to the Board.
12. Reviewing the Company's transactions with Related Parties, and whether these are subject to and compliant with the controls of such transactions.
13. Development of the Company's policies on risk management and reviewing them periodically taking into consideration the Company's business, market changes, and investment and expansion trends of the company.
14. Overseeing the training programs on risk management prepared by the Company, and the nomination to them.
15. Preparation of periodical reports on the company's risks and their management, and presenting these to the Board on the time it decides including the Committee's recommendation; and preparation of reports on specific risks upon behest of the Board or the Chairman.
16. Implementation of the Board assignments regarding the Company's internal control.
17. Holding discussions with the external auditor and the senior executive management on the auditing risks especially the appropriateness of the accounting decisions and estimates, and presenting these to the Board for including them in the annual report.

Article (19) – Work of the Committees

The Board shall issue a resolution naming the chairman and members of each committee, and identifying for each its powers, duties, and terms and the procedures of its work; provided that the number of meetings of the Audit Committee shall not be less than six meetings a year.

It is prohibited to chair more than one of the committees formed by the Board, and it is not allowed to combine the chairmanship of the audit committee and membership of any committee. The nomination Committee and the remuneration committee may be merged in one committee called the "Nomination and Remuneration Committee."



The meeting of any committee may not be valid except with the attendance of its chairman and majority of its members. For every meeting minutes shall be recorded including the dealings in the meeting, and signed by the committee's chairman.

Each committee shall present to the Board an annual report including the duties it carried out with its recommendations.

The Board shall review and evaluate the duties carried out by the committees, and include these duties in the Governance Report.

PART IV

THE COMPANY'S CONTROL SYSTEM

Article (20) – Internal Control

The Board shall approve a proposal presented by the audit committee on the Company's internal control system. The proposal shall include the mechanism of control, identification of the duties and functions of the Company's departments and units, rules and procedures of accountability regarding internal control, and the awareness and training programs for the employees on the importance of autonomous control and the activities of internal control.

The proposal referred to in the preceding paragraph must include the Company's plan on the management of risks, provided that it includes, at least, identification of the key risks the Company may be subject to especially new technology risks, Company's ability to assume risk, mechanisms of risk identification, measuring, and monitoring, and the programs of awareness about them, and the ways for avoiding or mitigating them.

Article (21) – Internal Control Unit

The Company's internal control system should involve the establishment of one or more units to work independently and effectively on risk assessment and management, financial auditing, and monitoring the Company's compliance with the controls of financial transactions especially the transactions with any related party. The internal control unit shall managed by one or more internal auditors having qualification and experience in financial auditing engagements, performance evaluation, and risk management; and he is allowed to have access to all departments of the Company and monitor their businesses. A Board resolution shall be issued appointing him and designating his duties and remuneration; and he shall be reporting to the Board..

Article (22) – Internal Control Reports

The Internal Auditor shall every three months submit to the Audit Committee a report on the internal control activities in the Company. The Board, upon the recommendation of the Audit Committee, shall determine the data that should be included in the report, at least the following:

1. Processes of control on and monitoring of the financial affairs, investments, and risk management.
2. Reviewing the development of risk factors in the Company, and the extent of suitability and effectiveness of the systems applied in the Company for confronting the market crucial and unexpected changes.
3. Comprehensive assessment of the Company's performance in complying with the implementation of the Internal Control System and the provisions thereof.
4. Extent of the Company's compliance with the rules and conditions that govern market disclosure and listing.
5. Extent of the Company's compliance with the internal control systems when identifying and managing the risks.
6. Risks the Company was exposed to, and their types, sources, and action taken thereon.
7. Proposals for correcting the irregularities and removing the causes of risk.

Article (23) – External Control

The Audit Committee shall check and examine the offers submitted by external auditors listed in the External Auditors Register of the Authority, and present to the Board a recommendation for selecting one or more offers, with the pertinent reasons, for appointing the bidder as external auditor of the Company. Immediately upon approving the recommendation by the Board, these shall be listed in the meeting's agenda of the Company's General Assembly.

The General Assembly shall appoint one or more Auditors for one year term renewable for one or more similar terms up to a maximum of five continuous years. The auditor may not be reappointed before two consecutive years pass. The Auditor and his employees are prohibited to reveal the Company's secrets; and he may neither combine the engagements, duties, and tasks assigned to him with any other work in the Company, nor be employed by the Company before one year at least from the date of ending his engagement therewith.

Article (24) – External Auditor’s Duties and Responsibilities

The external auditor shall inform the Board in writing about any risk the Company is or expected to be exposed to including all the irregularities he detects, immediately after he becomes aware of them; and shall send a copy of the information to the Authority, and in this regard he has the right to invite the General Assembly to convene in accordance with law, provided that he shall notify the Authority accordingly.

The external auditor/ auditors shall present a single report to the General Assembly, read to the meeting, and a copy of same shall be sent to the Authority. The auditor shall be responsible for the correctness of the data provided in the report. Each shareholder attending the General Assembly has the right to discuss with the auditor any matter in the report and ask him to clarify the report contents.

The auditors’ report shall include anything relating to control tasks and performance assessment in the Company, especially those concerning the following:

1. The appropriateness and effectiveness of the Internal Control Systems implemented in the Company.
2. The Company’s ability to continue as a going concern and meet its obligations. This shall be reported independently from what the Board states.
3. The Company’s commitment to setting internal systems and regulations, and whether these systems and regulations are suitable to the Company’s status; and whether the Company is compliant with the implementation of these.
4. Whether the Company is compliant with its Articles of Association, and compliant with the rules of law and related legislations of the Authority including the provisions of this Charter.
5. The extent of the commitment of the external auditor and the Company to applying the best international standards in auditing and preparation of financial standards in accordance with the International financial reporting standards (IFRS/ IAS) and (ISA) and their requirements.
6. The extent of the Company’s cooperation in enabling him to have access to information required for completing his duties.

PART V

DISCLOSURE AND TRANSPARENCY

Article (25) – Disclosure

The Company should comply with disclosure requirements, including financial reports and number of shares owned by the Chairman and Board members, senior executive management, and major shareholders or controlling shareholders. The Company should also disclose the information on the Chairman, Board members, and Board Committees regarding their educational and work experiences as reflected in their CVs; and whether any of them is a board member of another company, one of its senior executives, or a member of one board committee thereof.

The Company should define its policy for dealing with rumors by either denying or affirming them, and how to disclose the matter clearly in writing and without contradiction with the Authority's relevant legislations. The Board should ensure the accuracy and correctness of what the Company discloses and its compliance with all the rules of disclosure.

Article (26) - Conflict of interests

Without prejudice to the provisions of the law in this regard, the Board shall comply with the principles of this Charter in disclosing the transactions and deals into which the Company enters with any Related Party in which the latter has interest which may conflict with the Company's interest.

The Board shall, at least one week before the date fixed for the General Assembly meeting invited for considering the Company's balance sheet and the Board's report, shall put at the shareholders disposal a detailed list including the transactions and deals referred to in the preceding paragraph and shall also disclose them in the Company's annual report.

In all cases the Company shall not conclude any major transaction with a Related Party before the approval of the Company's General Assembly, and this shall be included in the agenda of the General Assembly following the completion of the deal procedures.

Article (27) – Transparency and Elevating the Company's Interest

Any Related Party being a party to a transaction, relationship, or deal entered into by the Company or has connection thereto, may not attend the Board's meeting while discussing that transaction, relationship, or deal. Such Related Party has no right to vote on the resolutions adopted by the Board regarding the transaction, relationship, or deal.



In all cases all the relationships made by the Company with third parties should be to the benefit of the Company; also all the transactions made shall be at market price and on arm's length basis, and shall not involve any conditions adverse to the company's interest.

Article (28) – Disclosure of Securities Trading

The Board members, senior executives, all insider persons, and their spouses and minor children should disclose the trading transactions involving the Company's shares and other securities. The Board should adopt clear rules and procedures regulating the insider person's trading in the securities issued by the Company.

PART VI

STAKEHOLDERS RIGHTS

Article (29) – Shareholders Equality in Rights

The shareholders are equal and have all the rights arising from shareholding in accordance with the provisions of law, and related regulations and resolutions.

The Company's Articles of Association and by-laws should include the procedures and guarantees required for exercising all shareholder rights especially the right of disposing of shares, right of collecting the approved share of dividends, right of attending the General Assembly, participating in the discussions, and voting on the resolutions thereof, and the right of accessing and requesting the information without damaging the interest of the Company.

Article (30) – Accessing the Shareholders Register

The Company shall monthly apply to the Depository for obtaining an updated copy of the shareholders register and keep it.

Article (31) – Shareholder's Right in Accessing Information

The Company's Articles of Association and by-laws should include the process of the shareholder access to the information which would enable him to exercise his rights fully without affecting the rights of the entire shareholders or damaging the Company's interests.



The Company shall check and update the information regularly and provide the shareholders with all the important information which would enable them exercise their rights fully, and shall use for that the modern techniques.

Article (32) – Shareholders’ General Assembly Rights

The Company’s Articles of Association should include provisions regulating the shareholder rights in connection with the General Assembly meeting, including:

1. The right of the shareholder(s) owning at least 10% of the share capital to, for serious reasons, request the calling of the General Assembly for convening; and the right of the shareholders representing at least 25% of the share capital to request the calling of the extraordinary General Assembly for convening, in accordance with the procedures set by law and the relevant regulations.
2. The right of requesting the listing of certain issues in the agenda of the General Assembly, and the right of discussion of same if the Board has denied such listing but the GA decided that.
3. The right of attending the GA meetings and being allowed the opportunity to actively participate in the discussions on the matters listed in the agenda; and the right of being informed about the time and place of holding the GA meeting, the subjects included in the agenda, and the rules governing the discussions, and the right of asking questions.
4. The right of the shareholder to appoint by special proxy in writing another shareholder, not being a Board member, as agent for representing him in attending the GA meeting; provided that the number of shares represented by the agent in such capacity shall not exceed 5% of the Company’s share capital.
5. The right of minor and restricted-person shareholders in attending the GA meeting, and those shall be represented by their legal attorneys in attending the meeting.
6. The right of a shareholder to direct questions to the Board members, and the latter should answer to the extent that doesn’t endanger the Company’s interests; and his right to appeal to the GA if the answer has not been sufficient.
7. The right of the shareholder to cast vote on the General Assembly resolutions, and his right to know easily the rules and procedures which govern the process of voting.
8. The right of a shareholder to object to any resolution he thinks being siding the interest of certain category of shareholders or harmful to such category, or causing special benefit to the Board members or others regardless of the Company’s interest; his right to record the objection in the minutes of the meeting; and his right



to withdraw his objection to these resolutions in accordance with the provisions of law in this regard.

Article (33) – Facilitating the effective Participation in GA

The Company shall choose the most suitable places and dates for holding the GA meetings and may use modern techniques for communicating with the shareholders in order to enable the biggest number of them to participate effectively in the GA meeting.

The Company shall enable the shareholders to know the subjects listed in the agenda as well as the urgent subjects, accompanied with sufficient information for helping them in decision making, and shall also enable them to view the minutes of the GA meeting. The Company shall disclose the outcomes of the GA immediately after the meeting, and send copy of such minutes to the Authority promptly upon approving it.

Article (34) – Shareholders' Voting Rights

Casting vote is a shareholder right which he can exercise personally or through his legal representative, and may not be assigned or forfeited.

The Company shouldn't enforce any limitation or action which may disable the shareholder to using his right of voting; should enable the shareholder to exercise his right of voting, and should facilitate the voting procedures and may use the modern techniques in such procedures.

Article (35) – Shareholder Rights Regarding Election of Board Members

The company should comply with the disclosure requirements in connection with the nominees to the membership of the Board; and should inform the shareholders with all the information about all nominees including their education and work experiences as provided in their CVs with sufficient time before the date fixed for holding the GA meeting.

The general Assembly shall elect the Board members by secret ballot using cumulative voting method.



Article (36) – Shareholder Rights Regarding Distribution of Dividends

Pursuant to the Articles of Association the Company shall determine the minimum percentage of net profit – without affecting the Company’s creditworthiness to meet its liabilities to third parties - to be distributed to the shareholders as dividends. The Board shall set clear policy for such distribution of dividends in a way that realizes the interests of both the shareholders and the Company; and such policy shall be disclosed to the shareholders in the GA meeting and in the Board’s report.

The right to the dividends approved by the GA, whether being cash or bonus dividends, shall rest on the share owners registered in the shareholders register with the depository at the end of trading on the date of GA meeting.

Article (37) – Shareholder Rights Regarding Major Transactions

Pursuant to the Articles of Association the Company shall have specific mechanism for protecting the rights of shareholders generally and the minority in particular in the event of the Company’s entering into major transactions which may impair their interest or affect the ownership structure of the share capital.

In all cases the Company shall disclose the structure of the share capital, any agreement made on it, and disclose those owning, directly or indirectly, 5% or above of the share capital.

Article (38) – Rights of Stakeholders (Non- Shareholders)

The Company shall maintain and respect the shareholders rights. Any of the Company’s stakeholders of the Company may apply for information about his interest and attach the evidence of his capacity. The Company shall provide the information requested in due time and to the extent that does endanger the interests of others or damage its own interests.

The Board shall adopt a written mechanism stating the application procedures for the stakeholder appeals against the decisions and actions of the officers and senior executives of the Company, and another mechanism for receiving and examining their complaints, suggestions, and information about whatever affects the Company’s interests and funds, provided that such mechanism shall provide for the confidentiality of such complaint, or suggestion and protection of the applicant, and the deadlines for deciding these appeals, and for replying to the complaints and suggestions.



Article (39) – Rights of the Society

The Company shall demonstrate its role in the society's growth and development and the preservation of environment through effective and attentive participation in the corporate social responsibility system.

Article (40) – Implementation of This Charter

This charter shall be applicable after approving it by the Board; and the Board shall monitor the proper implementation of same. Further, the Charter shall be reviewed, updated, and amended from time to time in accordance with the relevant resolutions issued by the Authority.