



## **AUDIT, RISK AND COMPLIANCE COMMITTEE CHARTER**

### **MILAHA - QATAR NAVIGATION Q.P.S.C**

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## 1. DEFINITIONS

**Audit** means an internal or external examination and evaluation.

**Board of Directors** means the Company's board of directors.

**CEO** means the chief executive officer of the Company.

**CFO** means the chief financial officer of the Company.

**Charter** means this charter that governs the operation of the Audit Committee.

**Chief Internal Auditor** means the person responsible for managing the Internal Audit Function of the Company.

**Committee** means the committee formed by the Board of Directors to oversee Audit, Risk and Compliance related matters and operations.

**Company** means Qatar Navigation (MILAHA) Q.P.S.C.

**Compliance** means compliance with all applicable laws, regulations, policies and procedures.

**Code of Conduct** means the set of rules outlining the responsibilities of or proper practices to be applied by the Company's employees, contractors and partners.

**Conflict of Interest** means inconsistencies between the interests of an employee of the Company and the interests of the Company which arise in connection with the performance of the employees' duties.

**Executive Director** means an executive director of the Company.

**External Auditors** means audit firms who are assigned to provide external audit services.

**Financial Expert** means someone who has:

- a) experience in preparing and analysing Financial Statements;
- b) an understanding of accounting principles and policies;
- c) an understanding of Internal Controls; and
- d) an understanding of Audits and Audit committee functions.

**Financial Statements** means the written statements which quantitatively describe the financial health of a company. These include a profit and loss statement and a balance sheet and often also include a cash flow statement.

**Fraud** means any unlawful act characterised by deceit, concealment or violation of trust.

**Governance** means regulations, criteria and procedures that ensure institutional discipline in managing and effectively controlling the Company by determining responsibilities and

obligations of directors and executive management, taking into consideration the protection of Shareholders' rights and other Stakeholders' interests.

**IFRS** means International Financial Reporting Standards.

**Information Technology** means computer-based information systems, particularly software applications and computer hardware used within the Company.

**Internal Audit** means the activity that is staffed by employees of the Company's Internal Audit function or those members of a third party provider of outsourced Internal Audit services.

**Internal Audit Charter** the document that governs the activities of the Internal Audit function, including the mission, independence, objectivity, scope, responsibilities, authority, accountability and standards of Internal Audit.

**Internal Auditors** means employees of the Company who have responsibility for Internal Audit.

**Internal Control** means management organization and functions, policies and procedures, systems and processes including Information Technology that collectively ensure:

- a) the Company's objectives are achieved effectively and efficiently;
- b) assets are safeguarded;
- c) the integrity and reliability of management information is maintained; and
- d) reporting and compliance with management directives, policies, procedures and applicable laws, regulations and agreements.

**Recovery Plans** means the process, policies and procedures of restoring operations critical to the resumption of business, including regaining access to data (records, hardware, software, etc.), communications (incoming, outgoing, toll-free, fax, etc.), workspace, and other business processes after a natural or man-made disaster.

**Risk** means the uncertainty of an event occurring that could have a negative impact on the achievement of the Company's objectives.

**Risk Management** means processes to identify, assess, manage and control potential events or situations and to provide reasonable assurance regarding the achievement of the Company's objectives.

**Shareholder** means the holder of shares in the Company.

**Stakeholder** means every person who has an interest in the Company, including but not limited to, Shareholders, creditors, employees, and clients.

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## **2. AUTHORITY**

- 2.1 The Board of Directors will approve the Audit, Risk and Compliance Committee (the Committee) Charter.
- 2.2 The operations of the Committee shall be regulated by this Charter and the Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as and when required.
- 2.3 The Committee will reassess this Charter from time to time and proposed amendments will be presented to the Board of Directors for approval.

## **3. PURPOSE**

- 3.1 The purpose of the Committee is to assist the Board of Directors in fulfilling their oversight, Governance and Risk Management responsibilities relating to:
  - a) the Company's accounting policies, Financial Statements and financial reporting process;
  - b) the annual external Audit;
  - c) the systems of Internal Control, including but not limited to all operational and financial reporting controls;
  - d) the Risk Management framework, process and controls;
  - e) Internal Audit; and
  - f) compliance with applicable laws and regulations, contractual arrangements and the Company's policies and procedures as established by management and the Board of Directors.

## **4. APPOINTMENT AND COMPOSITION OF THE COMMITTEE**

- 4.1 The Committee will consist of at least three and no more than five members who will be appointed by the Board of Directors.
- 4.2 The Committee shall include at least two Independent member of the Board of Directors, one of whom is a financial expert. The chairman of the Board of Directors may not be a member of the Committee.
- 4.3 Any person who has previously conducted audit for the Company within the previous two years shall not be a candidate, directly or indirectly, for the Committee membership;
- 4.4 The Board of Directors shall appoint the Committee Chairman who should be an Independent Board Member. Appointments to the Committee shall be for a period of up to three years.
- 4.5 The Chairman of the Audit Committee cannot be a member of any other Board Committees.

- 4.6 Each Committee member shall be independent of the Company's management and must be financially literate, or must become financially literate within a reasonable period of time after their appointment to the Committee.

## **5. SECRETARY**

- 5.1 The Committee shall appoint a secretary, who is not a member of the committee, who shall be the Chief Internal Auditor, who may, at the discretion of the Committee, be asked not to attend Committee proceedings when the performance of Internal Audit is reviewed. A member of the Internal Audit team will assume the Audit Committee secretary responsibility if the Chief Internal Auditor is Absent.

- 5.2 The main duties of the secretary are to:

- a) co-ordinate and make arrangements for the conduct of Committee meetings;
- b) provide notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, to each member of the Committee, the Board of Directors and any other person required to attend, no later than five working days before the date of such meeting. Supporting papers and all materials to be read prior to the meeting shall be sent to all Committee members, and to other attendees as appropriate;
- c) prepare draft minutes and resolutions of Committee meetings including recording the names of those in attendance, and ensure they are distributed for review by Committee members promptly, but no later than five working days after each Committee meeting;
- d) circulate promptly a final and approved copy of the minutes of each meeting signed by the secretary and the Committee members, or a copy of any instruments in writing evidencing decisions of the Committee, to each member of the Committee and the Board of Directors, copying the CEO, and to whom the Committee deems appropriate; and
- e) safe-keep all minutes and documents and maintain the confidentiality of all Committee proceedings.

## **6. MEETINGS**

- 6.1 The Committee shall meet at least Six times each year or more frequently, if this is required to comprehensively deliver its mandate.
- 6.2 Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members or at the request of the External Auditors if they consider it necessary.
- 6.3 Attendance may be either in person, by telephone or video conferencing facility.
- 6.4 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of its authorities and powers as required.

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- 6.5 Resolutions shall be passed if approved by a majority vote. In the event of tie, the Chairman will hold an additional (casting) vote.
- 6.6 Decisions of the Committee shall be evidenced by resolutions passed at the meeting of the Committee and recorded in the minutes of such meeting or by an instrument in writing signed by all the members of the Committee present at such meeting, and such resolution shall constitute authority for appropriate action by management.
- 6.7 The committee's meeting shall be deemed valid if attended by its chairman and the majority of the members in person.
- 6.8 Only members of the Committee and the secretary have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when required.
- 6.9 The External Auditors will be invited to attend committee proceedings during presentation of the financial results.
- 6.10 At any meetings, the Committee shall discuss such matters as the Committee deems appropriate and within the scope of its terms of reference.
- 6.11 The Committee shall be free to make whatever recommendations to the Board of Directors it deems appropriate on any area within the Committee's remit.

## **7. DUTIES, AUTHORITIES AND RESPONSIBILITIES**

The Committee shall understand the Company's structure, controls, and types of transactions in order to adequately assess the significant risks faced by the Company, and shall have the following tasks:

### **7.1 FINANCIAL STATEMENTS**

The Committee shall:

- a) review significant accounting and reporting issues, changes in accounting policies and IFRS, significant adjustments resulting from any audit, complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the Financial Statements;
- b) review with management and the external auditors the result of the audit, including any difficulties encountered
- c) review the Financial Statements and consider whether they are complete, consistent and accurate with information known to Committee members, and comply with appropriate accounting principles and standards; and
- d) Understand how management develops interim financial information, and the nature and extent of internal and external auditor's involvement;
- e) review with management and the External Auditors all matters related to International accounting and auditing standards.

- f) Review interim financial reports with management and the external auditors before filing with regulators and consider whether they are complete and consistent with the Information known to committee members.

## 7.2 EXTERNAL AUDIT

The Committee shall:

- a) oversee and review together with management the periodic re-tendering of external Audit services and potential rotation of External Auditors in accordance with the regulatory requirements if any;
- b) make recommendations to the Board of Directors in relation to the appointment, reappointment or removal of the Company's External Auditors;
- c) consider any questions relating to the resignation or the removal of the External Auditors if not due to the standard periodic re-tendering of such services;
- d) manage the relationship with the External Auditors including (but not limited to):
  - i. assessing annually their qualifications, performance, expertise in IFRS and Financial Statements Audit, resources and the effectiveness of the Audit process;
  - ii. make recommendations to the Board of Directors for the approval of the remuneration for the audit services and that the level of fees is appropriate to enable an adequate Audit to be conducted;
  - iii. review the External Auditors' proposed Audit scope and approach, including the review of Internal Controls over financial reporting and coordination of Audit effort with Internal Audit, and approve the annual Audit plan ensuring that it is consistent with the scope of the Audit engagement;
  - iv. overseeing and reviewing the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports.
  - v. review the independence of the External Auditors and have the authority to review all other non-Audit services to be performed by the External Auditors, including the fees for such services in relation to the objectivity and independence needed in the conduct of the Audit of the Financial Statements, and make such recommendations on these matters to the Board of Directors as the Committee sees fit;
  - vi. be responsible for the oversight of the work of the External Auditor for the purpose of preparing or issuing Audit reports or related work;
  - vii. review any representation letter(s) requested by the External Auditors before they are signed by management;
  - viii. review any significant findings and recommendations reported in the External Auditor's management letter, together with management's responses; and
  - ix. review with the Company's External Auditors:



- A. any restrictions on the scope of the External Auditors activities or access to requested data;
- B. any significant disagreements with management;
- C. any material Audit differences that the External Auditor noted or proposed but for which the Company's Financial Statements were not adjusted; or
- D. the levels of error identified during the Audit.

### **7.3 INTERNAL CONTROL**

The Committee shall:

- a) Consider the effectiveness of the company's internal control system, including information technology security and control;
- b) review and endorse, in line with the powers delegated to the Board of Directors by the Shareholder, any changes to the company's Delegation of Authority document for the approval of the Board of Directors;
- c) review and approve the adequacy of new business and control policies and procedures, and revisions to existing policies and procedures, and ensure appropriate application of such controls, policies and procedures, as required; and
- d) ensure the existence of an adequate framework that is reasonably expected to prevent and detect material Fraud.

### **7.4 RISK MANAGEMENT**

The Committee shall:

- a) Ensure the existence of an adequate and effective risk management framework.
- b) Require periodic reports from the Company's management on the implementation and adequacy of risk management controls, mitigation strategies and action plans.

### **7.5 INTERNAL AUDIT**

The Company's Chief Internal Auditor shall report functionally to the Committee and administratively to the CEO.

The Committee shall:

- a) review with the Chief Internal Auditor the Internal Audit staffing and the Internal Audit organisational structure adequacy and subsequently approve it;
- b) endorse the Internal Audit Charter
- c) approve the annual Internal Audit plan and the resulting manpower plan, and all major changes throughout the year;

- d) endorse the submittal of the Internal audit department budget as part of the overall Milaha's budget for the approval of Board of Directors;
- e) facilitate the work of Internal audit in order to avoid unreasonable restrictions or limitations on the Internal Audits' budget or resources;
- f) ensure that Internal Audit team members has full unrestricted access to all books, records, facilities and personnel of the Company, its subsidiaries and joint ventures where there is ownership control;
- g) review all reports submitted to the Committee by Internal Audit and management's responses to such reports;
- h) submit a recommendation to the Board of Directors on the appointment and replacement of the Chief Internal Auditor;
- i) at least once per year chairman of the Committee will approve the performance of the Chief Internal Auditor;
- j) Approve annual internal audit department staff salary adjustment;
- k) review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing; and
- l) meet the Chief Internal Auditor as and when necessary to discuss the Committee's remit and any issues arising from the Internal Audits carried out. In addition, the Chief Internal Auditor shall be given the right of direct access to the Committee.
- m) overseeing coordination between the internal audit department and the external auditors

## **7.6 COMPLIANCE**

The Committee shall review:

- a) the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.;
- b) major legislative and regulatory developments which could materially impact the Company;
- c) updates from management and the Legal Counsel regarding compliance matters;
- d) the findings of any examinations by regulatory agencies and any auditor observations;
- e) the process of communicating the Code of Conduct to the Company's personnel and for monitoring compliance.

## **7.7 OTHER DUTIES, AUTHORITIES AND RESPONSIBILITIES**

The Committee shall:

- a) at every Committee meeting, review and monitor management's responsiveness and their implementation progress against all significant open management action plans resulting from the findings and recommendations from all reports of the external and internal auditors;
- b) review the arrangements for employees, vendors, customers, partners and other interested Stakeholders to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- c) investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company;
- d) have the authority to retain, at the Company's expense, independent legal, accounting or other advisors on any matter within its terms of reference;
- e) assess whether the Company has an appropriate up to date contingency and recovery plans;
- f) maintain free and open communication between the Committee, the Board of Directors, the Internal Auditors, External Auditors, and the management of the Company;
- g) review and approve the statements to be included in any annual report concerning the Committee's remit; and
- h) exercise all the duties, authorities and responsibilities above in respect of all companies or subsidiaries which the Company controls.

## 8. DOCUMENT STATUS

This section denotes the current version or revision of the document which should be copied onto a master list to ensure any copies issued remain the latest version.

### 8.1 DOCUMENT STATUS

Revision Number	Owner	Approved for Issue	
		Name	Date
Original	Chief Internal Auditor	Board of Directors	July 2014
2	Chief Internal Auditor	Board of Directors	August 2018
3	Chief Internal Auditor	Board of Directors	Feb 2020
4	Chief Internal Auditor	Board of Directors	Oct 2022

### 8.2 REVISION HISTORY

Revision Number	Amendment Description
2	Update to include authorities and QFMA code alignment
3	Changes to name and update as per QFMA code
4	Update in the 7.5 relating to authority

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