



**NAWRAS**  
**CORPORATE GOVERNANCE MANUAL**



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## Introduction

Nawras is committed to providing quality telecommunications services to our customers, operating our business in a socially responsible manner, and being an integral contributor to Omani society.

Nawras firmly believes that adhering to sound corporate governance principles plays a significant role in enhancing a company's global performance and promoting investor confidence, thus helping to create and maintain shareholder value.

For any company to adhere to strong business practice principles and ethical behaviour requires commitment, objectivity and accountability from everyone, not just those in leadership positions. Accordingly, it is the duty of all Nawras employees to inform themselves about the Company's governance principles and policies and to put them into practice in their daily work.

This Corporate Governance Manual aims to help employees fulfil that duty. It sets out Nawras' philosophy and policies with respect to responsible, effective oversight and management, reliable internal controls, ethical behaviour of all personnel, disclosure of information, and protection of shareholder rights.

## Definitions of Terms Used in this Manual

Unless otherwise noted in this Manual, the following definitions apply to several key terms that appear throughout this Manual:

**Annual General Meeting:** The meeting of Nawras shareholders held once a year within three months after the end of the Company's financial year<sup>1</sup>. Also referred to as the "Ordinary General Meeting" or the "AGM".

**Board:** The Nawras Board of Directors.

**Charter:** The main founding document or constitution of an organisation or committee, setting forth its mission statement, goals, organisational structure and operational procedures.

**Company:** Omani Qatari Telecommunications Company SAOC, known as "Nawras".

**CMA:** The Oman Capital Market Authority, the government authority responsible for organising and overseeing the issue and trading of securities in the Sultanate of Oman.

**Corporate Governance:** The system by which a company is directed and managed, including the structure, rules and policies for making decisions concerning corporate affairs and achieving the objectives of an organisation.

**Director:** A member of the Nawras Board of Directors. See also Non-Executive Director.

**MSM:** Muscat Security Market, the exchange on which listed securities trade in Oman.

**Non-Executive Directors:** Board members who are not regular employees of a company and/or do not draw any fixed monthly or annual salary from the company.

**Qtel:** Qatar Telecom QSC, a telecommunications provider in Qatar and a Nawras shareholder, via its investment in TDC-Qtel MENA Investcom BSC.

**Related Party:** Under CMA regulations, "Related Party" includes any of the following:

- (1) Any person who was a director during the last twelve (12) months in the Company, parent of the Company, or subsidiary of the Company
- (2) The CEO or any employee reporting directly to the Board
- (3) Any person who holds or controls 10% or more of the voting power of the Company or its subsidiary, parent, or fellow subsidiary undertaking of its parent undertaking
- (4) Any person who is an associate of any natural person under items 1, 2 or 3 above, with "associate" including parents, children, spouses and business entities wherein 25% or more of the voting power is controlled collectively or individually, or
- (5) Any person who is an associate of any juristic person<sup>2</sup> as mentioned under 1, 2 and 3 above, with "associate" including parent company, subsidiaries, fellow subsidiaries and business entities in which the corporate entity controls 25% or more of the voting power. It shall also include companies in which the majority of its directors act in accordance with the wishes of the concerned company.

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<sup>1</sup> Commercial Companies Law RD 4/74 Article 120

<sup>2</sup> Other than joint ventures, all commercial companies are considered "juristic persons" under the Oman Commercial Companies Law.



**Shareholders:** The individuals or companies that own shares in Nawras.

**Stakeholder:** A person, group, organisation, or system that affects or can be affected by an organisation's actions. A company's stakeholders can include shareholders, investors, customers, creditors, employees, communities and governments.



## I. CORPORATE GOVERNANCE AT NAWRAS

### A. What is Corporate Governance and why is it important

Corporate governance is the system by which a company is directed and managed. It comprises the structure, rules and policies for making decisions concerning corporate affairs and achieving the objectives of an organisation. It covers the entire management and control of a company, including its organisational structure, business policy, principles and guidelines, internal and external policies and monitoring mechanisms, as well as the relationships between its board of directors, executive management, employees and various stakeholders.

Successful corporate governance practices aspire to positively influence employee behaviour and performance so as to optimise accountability, transparency and efficiency in ways that meet the changing circumstances of the company and maintain investor confidence. What constitutes good governance is not a fixed target but a matter of constant evolution, which requires governance policies to continually evolve.

For Nawras, the policies and practices that are described in this Manual should be followed and enforced because good governance practices improve how a company functions and can have a significant positive effect on how it prospers. Equally important, good governance is necessary in order for Nawras to be responsive to our legal obligations, our duty to shareholders, and our values and principles.

### B. Nawras' Values and Corporate Governance Philosophy

The Nawras Board and management believe that good corporate governance practices contribute to the creation, maintenance and increase of shareholder value. Sound corporate governance principles are the foundation upon which investor and community trust is built and are critical to growing a company's reputation for its dedication to excellence and integrity.

### C. How to Use this Manual

This Manual covers a wide range of important governance issues. The table of contents will guide you to a particular topic, or you may use the search function in an electronic copy to locate key words or phrases. However, all Board members, executives and employees should read this Manual in its entirety and revisit it periodically to stay apprised of its contents. This Manual will be updated regularly, and the latest copy will be posted on the Company's intranet and also available through the Legal Department.

### D. Questions and Reporting Concerns

If you have questions about the meaning or applicability of any of the contents of this Manual, please contact your immediate supervisor or a member of the Legal Team.

Similarly, if you have a concern about the conduct of the Company or any of its officers, Board members or employees, or about the Company's accounting, internal accounting controls or auditing matters, contact your supervisor or a member of the Legal Team.

Please note that the Company will not retaliate or threaten to retaliate against any employee who, in good faith, reports a possible violation of this Corporate Governance



Manual including the associated Code of Ethics and Conduct, or who cooperates with any investigation of such a report, whether or not it is determined that an actual violation has occurred.

## II. NAWRAS GOVERNANCE FRAMEWORK

No single law or document governs all aspects of a company. A number of authorities, including laws created by the jurisdiction(s) in which a given company operates, as well as policies and charters that the company develops, define the actions a company can and cannot take. These various authorities form a set of requirements by which a properly governed company must abide. For Nawras, the key governing authorities include the following:

- **The Laws of the Sultanate of Oman.** All companies are subject to the laws of the jurisdictions in which they legally operate. Nawras is therefore subject first and foremost to all of the laws of the Sultanate of Oman. Among those laws, several are particularly noteworthy for their scope and applicability:
  - **Royal Decree No. 17/2005**, which is the Royal Decree that issues the Company its licence to provide mobile telecommunication and related services within the Sultanate of Oman.
  - **The Telecommunications Regulatory Act**, which was enacted by Royal Decree 30/2002 and established the Telecommunications Regulatory Authority and related regulations and ministerial decisions that cover the telecommunications sector.
  - **Royal Decree No. 34/2009**, which is the Royal Decree that issues the Company its licence to provide fixed telecommunication and related services within the Sultanate of Oman.
  - **The Commercial Companies Law**, which was enacted by Royal Decree No. 4/74 and its amendments, regulates the operation of companies organised under the law of Oman
  - **The Capital Market Authority Law**, which was enacted by Royal Decree No. 80/98 and established a governmental authority responsible for organising and overseeing the issue and trading of securities in the Sultanate (the Capital Market Authority), as an exchange for the trading of all listed securities (the Muscat Securities Market)
- **Market Regulations.** All stock exchanges have detailed and specific rules governing the companies that list on their exchanges. In Oman, the Capital Market Authority is responsible for organising and overseeing the issuing and trading of securities on the Muscat Stock Exchange. The purpose of these market regulations is to promote confidence in investors by developing and improving all the process related to the stock market.
- **Nawras Articles of Association**, which the shareholders signed in December 2004, are the constitution of the Company and govern the relationship between the Company's directors and shareholders.

- **Resolutions of the Nawras Board and documents and/or policies approved by the Board, including:**
  - **This Corporate Governance Manual**
  - **Company policies**, including those contained or referenced in this Manual, such as:
    - Company Code of Ethics and Conduct
    - Directors' Code of Ethics and Annual Certification
    - Rules for Related Party Transactions
    - Board of Directors Committee Charters
    - Management Committee Charters
    - Internal Audit Policy
    - People Policy
    - Procurement Policy

### III. THE BOARD OF DIRECTORS

#### A. Role of the Board

The primary role of the Board of Directors is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls that enable risk to be properly assessed and managed.

The Board has full authority to perform all acts required to manage the Company in accordance with its objectives and with the primary objective of creating value for the Shareholders.<sup>3</sup> This authority is not limited or restricted except as provided by law, by the Articles of Association or by a resolution of the Shareholders.<sup>4</sup>

#### B. The Board's Responsibilities

##### 1. Vision and Strategy

- Determining, refining and advancing the Company's vision through corporate strategy, major plans of action and business decisions, and by monitoring developments and approving variations to the strategy and vision
- Analysing and approving the Annual Operating Plan (AOP) and developing, reviewing and updating other necessary plans to effectuate the Company's objectives<sup>5</sup>
- Ensuring that the Company's organisational structures and resources are appropriate for implementing chosen strategies
- Identifying the values to be promoted throughout the Company from time to time

##### 2. Management Oversight

- Appointing the CEO<sup>6</sup> and all direct reports to the CEO and specifying their roles, responsibility, and power
- Supervising and assessing the performance of executive management to ensure that the business is properly managed to meet the Company's objectives<sup>7</sup>
- Working collaboratively with executive management in a mutually trusting environment, striving toward promoting competence in the executive management team

##### 3. Financial and Investment

- Monitoring the integrity of the Company accounting and financial reporting systems, including the independent audit function, and ensuring that appropriate internal controls are in place<sup>8</sup>

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<sup>3</sup> Nawras Articles of Association, Article 31

<sup>4</sup> Art. 31. See Articles 49-67.

<sup>5</sup> Art. 32

<sup>6</sup> Art. 31. Under Nawras' Articles, The CEO/Manager may not be the Chairman of the Board.

<sup>7</sup> Art. 31(c)

<sup>8</sup> Arts. 68-81 detail requirements regarding the Company's accounts.

- Approving financial statements related to the Company's business and work results, as submitted quarterly by executive management to the Board, in a manner that accurately reflects the financial position of Nawras<sup>9</sup>
- Approving, within three (3) months of the end of the financial year, the Company's balance sheet and a profit and loss statement audited by the Company's auditors<sup>10</sup>
- Monitoring and managing potential conflicts of interest to avoid, inter alia, misuse of corporate assets and abuse in related party transactions<sup>11</sup>

#### 4. Governance and Compliance

- Preparing, adopting and monitoring the effectiveness of corporate governance rules and disclosure practices in support of the Company's commitment to best practices
- Approving material internal regulations of the company regarding including specifying the responsibilities and the authorities of the executive management
- Monitoring and ensuring compliance with legal and regulatory requirements through proper internal control systems
- Reviewing material transactions with related parties that are not in the ordinary course of business prior to bringing such matters before a General Meeting
- Applying and maintaining high ethical standards throughout Nawras

#### 5. Communications and Disclosures

- Approving policy and overseeing process of disclosure, communications, and shareholder reporting to ensure the fair and timely release of material information and compliance with regulatory requirements
- Including, in the Annual Report presented to the General Meeting:
  - the reasons supporting the Company's ability to pursue its specified activities and achieve its objectives<sup>12</sup>
  - an accounting of all amounts that each director has received during the course of the year, including any money paid with respect to the director's capacity as an employee of the Company<sup>13</sup>
  - a separate chapter on corporate governance and how the company has applied corporate governance principles<sup>14</sup>

#### 6. Delegation

- Approving a formal and comprehensive delegation of power to the various levels of management, the Board sub-committees and any other financially empowered group or individual, with an awareness of the limits imposed by the Articles of Association or applicable Omani law

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<sup>9</sup> Art. 31(f)

<sup>10</sup> Art. 57

<sup>11</sup> See Exhibit D for Rules Regarding Related Party Transactions

<sup>12</sup> Art. 31(g)

<sup>13</sup> Art. 31(i)

<sup>14</sup> See Appendix E, setting out the topics to be included in the corporate governance chapter.

- Determining the frequency with which delegates must report to the Board regarding the exercise of delegated powers
- Ensuring that any persons acting pursuant to a delegation from the Board will inform the Board at regular intervals about decisions taken pursuant to such authority

## **7. Individual Duties**

In addition to their collective responsibilities detailed above, all Board members' individual duties and requisite characteristics include:

- Exercising their business judgment, on a fully informed basis, in good faith and with due care, in the best interests of the Company
- Possessing and applying high intelligence and wisdom in decision-making, and the ability to approach others assertively, responsibly and supportively
- Having the capacity to read and understand financial statements
- Demonstrating the potential to contribute towards effective stewardship of the Company
- Treating all shareholders fairly, particularly where Board decisions might affect different shareholder groups differently
- Applying high ethical standards in personal and professional dealings, taking into account the interests of stakeholders
- Complying with their duty of loyalty to the Company in accordance with the Company Code of Ethics and Conduct
- Annually reviewing and acknowledging compliance with the Directors Code of Ethics and Conduct
- Making every reasonable effort to attend all Board meetings and Board committee meetings of which they are members
- Attending the General Meetings of shareholders

Furthermore, non-executive directors, who should not involve themselves in the daily routine matters of the company, should encourage and inspire a culture of accountability on the part of management and seek meetings with the CEO and other senior executives.

## C. Board Composition

### 1. Board Size, Selection, Appointment

- The Nawras Articles of Association<sup>15</sup> provide for nine (9) members of the Board of Directors elected by the shareholders.
- When the Board is constituted, the majority of its members shall be non-executive directors<sup>16</sup>
- Nominees to the membership of the Board must be (i) at least 21 years old, (ii) not a member of the board of directors of a public or closed joint stock company that is based in Oman and carrying out similar objectives to that of the Company; and (iii) not convicted of a felony or dishonourable crime unless the nominee has been rehabilitated<sup>17</sup>

### 2. Term of Membership

- The term of office of the Board of Directors shall be for a maximum period of 3 years subject to re-election<sup>18</sup>

### 3. Remuneration

- The General Meeting shall specify the remuneration of the Chairman and the members of the Board, in accordance with the provisions of the Articles of Association.<sup>19</sup>
- The Board's report to the General Meeting shall include a full statement of all amounts and other benefits that may have been received by each director during the year for services rendered to the Company, including amounts paid to the directors in their capacity as employees of the Company.<sup>20</sup>
- A director may be paid extra remuneration if the director, upon request of the Company, performs special services for the Company.<sup>21</sup>
- The remuneration for the Board shall be divided among the directors in such proportions and manner as the directors may agree, failing which the remuneration will be divided equally among them.<sup>22</sup>
- Board remuneration shall be aligned with the longer-term interests of the Company and its shareholders.

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<sup>15</sup> See Appendix D

<sup>16</sup> Art. 22(ii)

<sup>17</sup> Art. 23(1)

<sup>18</sup> Art. 22(i)

<sup>19</sup> Art. 44. See also Arts. 45, 56 and 75 on remuneration

<sup>20</sup> Art. 44

<sup>21</sup> Art. 46

<sup>22</sup> Art. 47

## D. Chairman of the Board

### 1. Selection and Appointment of the Chairman

- Immediately following the election of a new Board of Directors by the Ordinary General Meeting, the Board will elect from its members a Chairman and a Deputy Chairman.<sup>23</sup>
- The term of the office of the Chairman and the Deputy Chairman shall not exceed their term of office as members of the Board of Directors, but they may be re-elected to their Chairman and Deputy Chairmanship positions.<sup>24</sup>
- The Deputy Chairman shall assume the responsibilities of the Chairman if the Chairman is absent or unavailable for any reason.<sup>25</sup>
- The office of Chairman is deemed vacant if the Chairman: (i) ceases to be a director; (ii) resigns; or (iii) is removed from office by a vote of a simple majority of all directors.

### 2. Role of the Chairman

The Chairman's principal responsibilities are to provide appropriate leadership to the Board, see that the Board's resolutions are implemented,<sup>26</sup> and ensure that the Board fulfils its obligations as required under the relevant law. The Chairman's specific responsibilities also include:

- Representing the Company and the Board before judicial authorities and third parties<sup>27</sup> (such as shareholders, creditors, consumers, the local communities and government) and maintaining appropriate ongoing contact with them to ensure that the Board understands their views
- Chairing the Board, selected committees, and shareholder meetings and facilitating them with the aim of ensuring that discussions are conducted in an open and professional manner where participants are encouraged to express their views
- Working with the CEO, Board committee chairmen and the Board secretary to coordinate the schedule of Board meetings, committee meetings and other important meetings
- Working with the CEO to ensure that management provides the Board with the information it requires to contribute effectively to the Board decision-making process and to monitor the effective implementation of Board decisions
- Reviewing the adequacy and timing of documentary materials in support of management's proposals and ensuring the proper flow of information to the Board
- Guiding, promoting and ensuring the effectiveness and development of the Board and individual Board members and assigning specific tasks to them
- Ensuring that Nawras maintains a positive and productive relation with media and other official and non official organisation

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<sup>23</sup> Art. 25

<sup>24</sup> Art. 25

<sup>25</sup> Art. 33

<sup>26</sup> Art. 33

<sup>27</sup> Arts. 25, 33

## E. Board Secretary

The Board shall appoint a secretary to the Board,<sup>28</sup> to assist it and the Chairman with carrying out their responsibilities and to undertake other duties essential to the proper functioning of the Board. The Secretary's duties and include:

- Acting as secretary of all meetings of the Board of Directors and the shareholders of the Company, and keeping the minutes
- Formulating Board and committee agendas with the Chairman and CEO
- Drafting and distributing minutes of Board and Committee meetings
- Preparing for Board meetings by giving members and other invitees sufficient notice of dates and location of meetings, distributing Board materials in a timely manner, and obtaining input from operational units as appropriate
- Assisting the Chairman during Board meetings by managing the timetable and ensuring that minutes are taken that include the serial number, date of the meeting, subjects discussed, decisions reached and names of members present
- Maintaining proper and complete records of Board activities
- Advising Board members on their statutory duties and responsibilities
- Ensuring that general shareholders' meetings are held on schedule
- Ensuring that important corporate records are retained in accordance with applicable law and sound business practices
- Reviewing and verifying official publications and press releases, such as the Annual Report and statements by the Chairman
- Coordinating with the Legal Department (if that Board Secretary function is carried out by an individual outside of the Legal Department) to monitor and ensure compliance with general statutory and regulatory requirements

In selecting a Secretary, the Board should choose a candidate who has sufficient knowledge of corporate law, governance and regulations, as well as strong administrative, company secretarial and communication skills, including:

- Knowledge of the company and its business, as well as applicable corporate and securities laws
- Ability to work with multiple Stakeholders, including Board members, senior executives, shareholders, employees and interest groups

## F. Board Meetings

- Board meetings shall be held at least six (6) times a year. No more than four (4) months should lapse between any two consecutive meetings.<sup>29</sup>
- Board meetings may be held anywhere in the Sultanate of Oman, or any other place outside of Oman that the Board has chosen.<sup>30</sup>

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<sup>28</sup> Art 31(h)

<sup>29</sup> Art. 31(h)

<sup>30</sup> Art. 26

- The Chairman may, at any time, convene Board meetings and shall do so upon request by two or more members. If the Chairman is unable or unwilling to convene the meeting when so requested, any two members of the Board may convene the meeting.<sup>31</sup>
- All directors shall be given written notice of any Board meeting. The notice, which shall be delivered by hand or sent through the post at least fifteen (15) days prior to the meeting, shall set forth the time, place, and agenda of the Board meeting. The 15-day notice requirement may be reduced only in situations of extreme necessity.<sup>32</sup>
- Board members shall receive Board meeting materials at least one (1) week in advance.
- The minimum information required to be placed before the Board includes the following:
  - Capital and operating budgets and any updates
  - Quarterly results of the company
  - Minutes of the meetings of the Audit Committee and other committees of the Board
  - Information on recruitment, resignation, removal and remuneration of key executives
  - Material “show cause” or penalty notices from a regulatory body
  - Serious accidents, dangerous occurrences and pollution problems
  - Material default in financial obligations to or by the company
  - Issues involving possible public or product liability claims of substantial nature
  - Joint venture agreements
  - Transactions involving substantial payment towards intellectual property/ goodwill/ brand equity
  - Any significant employee relations problem
  - Sale of investments, assets and divisions that are not in the normal course of business
  - Non-compliance with any regulatory requirement
  - Details of any foreign exchange exposure and steps taken to hedge the risks
  - Any transaction that under the Company’s *Limits of Authority Manual* requires Board approval
- The Board shall keep minutes of all meetings as a true record of proceedings. The Chairman (or any other person who presides over the meeting) and the Secretary shall sign the minutes.<sup>33</sup>
- Dissenting members shall have the right to have their views recorded in the minutes.<sup>34</sup>

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<sup>31</sup> Art. 26

<sup>32</sup> Art. 27

<sup>33</sup> Art. 29

## G. Quorum and Proxies

- At least half the Board's members must be present or represented in order for a Board meeting to be valid.<sup>35</sup>
- A corporate person represented by a Board member may appoint another person as proxy to attend and vote on the member's behalf.<sup>36</sup>
- A Board member may appoint another Board member to act on his behalf, but no member may hold more than one proxy of another director. In all circumstances, such appointments shall be deemed special and must be made in writing.<sup>37</sup>

## H. Resolutions

- The passage of a Board resolution requires a simple majority vote of the directors present at the meeting, unless the Board agrees that a greater majority is required.<sup>38</sup>
- The Board may adopt resolutions without convening a meeting, provided that the members of the Board approve all such resolutions in writing. This exception to convening a Board meeting shall not apply to resolutions regarding the distribution of dividends and approval of the balance sheet, profit and loss account and the reports of the directors and the auditors of the Company.<sup>39</sup>

## I. Board Committees

- The Board may form and delegate authority to committees, including but not limited to an audit committee.<sup>40</sup> The Board committees assist the Board in the discharge of its responsibilities by advising and making recommendations to the Board and by exercising delegated authority.
- Each Board committee shall have a written charter setting forth its responsibilities, duties and authorities.<sup>41</sup> The Board may add new Committees or remove existing committees, as it deems advisable for purposes of fulfilling its primary responsibilities. The Board has established two primary committees:
  - The **Executive Committee** focuses on strategic issues, and has responsibility for budget and procurement issues
  - The **Audit Committee** assists the Board in oversight of the integrity of the financial statements of the Company and the performance of the Company's internal audit function
- Committees are composed of a chairman and at least two other Board members appointed by the Board, taking into account the background and desires of each Board member. The Board can replace committee members at any time

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<sup>34</sup> Art. 29

<sup>35</sup> Art. 28

<sup>36</sup> Art. 28

<sup>37</sup> Art. 28

<sup>38</sup> Art. 29

<sup>39</sup> Art. 30

<sup>40</sup> Art. 34

<sup>41</sup> The Executive and Audit Committee Charters are included in Appendix F.

- The Board appoints a committee Chairman, who will lead committee meetings and determine the committee's agenda.
- The Board appoints a secretary to assist each committee, based on the committee's recommendation
- The chairperson of each committee, in consultation with management and members of the committee, as appropriate, will develop the committee's agenda for each meeting
- Each committee shall report to the Board from time to time regarding its activities
- Each committee operates in accordance with a written charter approved by the Board

Committees do not have the power to make decisions with respect to the management of Nawras' business and affairs except as expressly delegated by the Board, either in the committee's charter or in specific Board resolutions.

#### **J. Director Orientation and Continuing Education**

- The Chairman of the Board shall be responsible for providing a Board member orientation and ongoing Board member education program, under which all Board members shall periodically receive materials or briefing sessions on subjects that would assist them in discharging their duties as Board members and ensure that their knowledge and understanding of the Company's business remains current. The Board may coordinate with the QI Corporate Governance Offices in establishing Board member orientation
- The Board further expects all of its members to develop and expand a broad, current knowledge of the nature and operation of the Company's major businesses
- To the extent appropriate, training will be conducted jointly with senior management

#### **K. Board Performance Evaluation**

- The Board will undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Board members. A neutral, confidential consultant will conduct the evaluation, taking into account previously agreed objectives and seeking input on a "360 degree" basis
- The Board should review the evaluation with the consultant, outside the context of a formal Board meeting
- Following review by the Board, individual development programs will be developed for each Board member, including the possibility of personal coaching. The Board should make similar development programs available to senior management following their evaluations

#### L. Certification of Compliance

- Board members should be an example for all personnel in the Company with respect to the Code of Ethics and Conduct, which includes the Company's policy on insider trading. They should take all reasonable steps to avoid any actual, potential or perceived violations
- Each Board member will sign an annual certification attesting that he or she has read and understood the Code of Ethics and Conduct and has not committed any violation of such policy

#### M. Corporate Indemnity and D&O Insurance

- Attracting qualified Board members (and senior management) and protecting them in their legitimate activities requires that corporate indemnity and insurance be available. Accordingly, directors and officers insurance will be procured in amounts and with conditions appropriate as decided by the Board
- Any provision or stipulation limiting the liability of directors shall be null and void.<sup>42</sup> However, the Company shall reimburse any director for defence costs in any civil or criminal proceedings arising out of the director's Board activities, in the event that final judgement in such proceedings shall absolve the director of liability<sup>43</sup>
- Directors shall be liable for damages caused by any actions they take that are illegal or beyond the scope of their authority, by any fraud or negligence in the performance of their duties, or by their failure to act as prudent individuals in the circumstances<sup>44</sup>

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<sup>42</sup> Art. 39

<sup>43</sup> Art. 39

<sup>44</sup> Art. 39

## IV. MANAGEMENT FUNCTION

### A. Executive Officers

The executive management of the Company is responsible for following the instructions of the Board in order to put its policies into effect. It is the responsibility of executive management, under supervision by the Board, to run the Company's business in an effective and ethical manner.

The following officers have the most direct corporate governance responsibilities: the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Head of Internal Audit, and the Head of Legal.

As part of its corporate governance responsibilities, senior management is required to make an annual management discussion and analysis report to the shareholders describing and analysing the present state of affairs and the future prospects of the company in concrete terms. This report is expected to contain factual details without impinging on the competitive advantage of the Company.

In addition, senior management members are responsible for disclosing to the Board all financial and commercial transactions in which they or relatives up to first degree have a personal interest that potentially might conflict with the interests of the Company.

### B. Management Committees

Management has established and formalised two cross-functional management committees to facilitate decision-making and communication between middle line managers and senior management. The Board has also approved the establishment of a Tender Committee and a Pricing Committee.

#### Chief Executive Committee (ExCo)

- ExCo is tasked with reviewing and endorsing all significant operational and strategic decisions that are delegated to management by the Board.
- The committee also acts as the principal forum through which members liaise through their ExCo representatives with the Chief Officers of other lines of business.
- Its members include Chief Officers of the company (Executive; Operations; Strategy; Commercial; Technical; Finance; HR and Legal).

#### Senior Operations Management Committee (SOM)

- SOM is a coordinating and advisory body that aims to harness experience across the organisation and facilitate close cooperation among different departments with respect to cross functional operational matters
- The committee assists and advises ExCo with day-to-day operations management and the implementation of strategy.

- SOM serves as the principal forum through which members liaise through their SOM representatives with the heads of operations.
- Its members include all directors, and heads of departments as determined by ExCo from time to time.

#### **Tender Committee**

- The Tender Committee's objectives are to regulate the admission of all tenders and contracts and ensure that the Company maintains the highest standards of ethics in practices and activities related to tenders and procurement.
- Its members include the CEO, Chief Operating Officer, Chief Financial Officer, Chief Technical Officer, and the Director of Legal Affairs. Other advisors may be invited as and when the Chairman considers it appropriate.

#### **Pricing Committee**

- The Pricing Committee's objectives are to review and approve the pricing of all new products and promotions, and changes to the prices of products and promotions, to ensure that the profitability of the product or promotion is acceptable.
- Its members include the CEO, Chief Operating Officer, Chief Financial Officer, Chief Technical Officer, Chief Commercial Officer and the Director of Legal Affairs. Other advisors may be invited as and when the Chairman considers it appropriate.

### **C. Internal Audit Function**

The mission of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the Company's operations. The scope of work of Internal Audit includes determining whether the risk management, control and governance policies of the Company are efficient, effective and adequate.

Internal Audit's primary activities include:

- Auditing all significant (high risk) activities of the Company at least once per year
- Carrying out audit assignments in accordance with professional standards
- Reporting on all matters arising from audit and special assignments, and
- Maintaining independence and objectivity of the Internal Audit function.

All the Company's activities are subject to internal audit. Internal Audit staff shall have unlimited access to all the Company's records and documents and shall have the right to request all the information they deem necessary to perform their duties properly. Internal Audit staff should not perform any operational duties for the organisation or its affiliates. Any exception to this shall require approval from the Audit Committee.

Internal Audit functions must operate independently and avoid any real or perceived conflict of interest.

#### **D. External Auditors**

The external auditors are responsible for providing an unbiased and independent evaluation of the Company's financial records. Accordingly, independent auditors require objectivity and integrity to properly carry out their function. To ensure these qualities are met, the following standards apply to the appointment and responsibilities of the external auditors:

- At the Annual General Meeting, the Board shall recommend the name of the auditors for election, after considering the views of the Audit Committee.
- The auditors shall be appointed for one (1) financial year. The same firm shall not be appointed as external auditors for more than four (4) consecutive financial years. After completion of a fourth consecutive year as external auditors, the firm will be eligible for reappointment as external auditors only after a cooling off period of two (2) years.
- The auditors shall not be allowed to provide non-audit services, as such activity might affect their independence
- The external auditors, as part of their audit process, shall report to the shareholders any significant concern(s) that come to its attention, particularly with respect to:
  - Adequacy and efficacy of the internal control systems in place
  - Whether the business is a going concern. (The auditors shall express their reservations, if any, about directors' assumption of going concern)
  - The adequacy of the systems set up by the company regarding establishing their legal requirements applicable to the company's area of operations.
- Frauds detected or suspected by the external auditors shall be reported to the Board of Directors. If the fraud is material, however, the auditors shall report the fraud to the appropriate regulators.
- The auditors shall issue an annual certification confirming that the Company's corporate governance report is free from any material misrepresentation

#### **E. Nawras Responsible Person - Governance Matters**

The Director of Legal Affairs is responsible for monitoring Nawras' corporate governance and communicating and coordinating with other individuals and committees within Nawras regarding governance matters. The Director of Legal Affairs will meet periodically with the Audit Committee to present and discuss potential issues and conflicts for consideration.