



Qatar Navigation (MILAHA) Q.P.S.C

**BOARD OF DIRECTORS CHARTER**

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This Charter has been prepared in compliance with the Corporate Governance Code issued by QFMA's Board under its decision No (5) of 2016. The consistency of this Charter with the provisions of the Commercial Companies law No (11) of 2015 and the Company's Articles of Association has been considered.

This Charter includes for example, but not limited to, the conditions ought to be met by the Board members, Board's formation and main duties, and responsibilities and obligations of the board members. Also the Charter ensures the prohibition of combining of positions for the overall benefit of the Company and shareholders.

If there is any contradiction between the provisions of this Charter and the provisions of the systems and laws issued in this respect, the latter's provisions shall supersede; and the necessary amendment should be made to this Charter in the event of such contradiction.



## Article 1 - Definitions

Authority	Qatar Financial Markets Authority (QFMA)
Code	Corporate Governance Code issued by Qatar Financial Markets Authority
Governance Report	An independent annual report in which the Company discloses its commitment to implement the principles and provisions of this Charter. 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.
Board's Charter	This Charter.
Chairman	Chairman of the Company.
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	A member of the Board of Directors who has complete independence. Non-independent is refuted by one of the following, for example but not limited to: <ol style="list-style-type: none"><li>1. Owning at least 1% of the shares of the Company or of any company of its group.</li><li>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.</li><li>3. Has been a senior executive in the Company or any company of its group during the year preceding the Board's election.</li><li>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</li><li>5. Being a Board member of any company within the Company's group for which he is nominated for its Board's membership.</li><li>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</li></ol>

suppliers; or that during the two years preceding the Board's election, had a controlling shares in any such party.

7. Had, 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.
Cumulative voting	Voting method for electing the Board members which allows each shareholder voting rights equivalent to the number of shares he owns. 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.
Related Party	A person is deemed to have relation with the company if he is a member in the Company's Board of Directors of the or of any company of its Group, a member of the higher executive management or of any company of its Group, owning at least 5% of the Company's share capital or of any company of its Group, or a relative of any of the above persons up to second degree, and any legal person controlled by a Board member of the Company or of any company of its Group or in its senior executives and their relatives up to second degree , or participating in a joint venture or partnership of any type with the Company or with any company of its Group
Minority	The shareholders who represent a non-controlling category unable to have influence on the company

## **Article 2 – Requirements to be met by the Board members**

A Board member must be qualified and having satisfactory 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.

A member of the Board of Directors shall:

1. Shall not be less than twenty one years of age and shall be fully eligible.
2. He shouldn't have been convicted under the criminal code, in a crime of dishonor or dishonesty, or in one of the crimes referred to in Article 40 of law No (8) of 2012 on Qatar Financial Markets Authority, and Articles (334) and (335) of the Commercial Companies Law, or that he is not allowed to practice any work in the entities subject to the control of



QFMA pursuant to paragraph 12 of Article (35) of law No (8) of 2012 referred, or has been declared bankrupt unless he is rehabilitated.

3. He should be a shareholder owning upon his election or within thirty days from electing him at least forty thousand of the company's shares, which shall be placed with the Depository within sixty days from the date of beginning of membership. These shares shall not be available to trading, pledging, or seizure until the term of his membership expires, and until he approves the financials of the last year in which the member has performed his duties. These shares referred to are reserved for ensuring the rights of the company, shareholders, creditors, and third parties for the Board members' liability. If the member fails to provide the assurance in the aforesaid way, his membership would be annulled. Representatives of the Government are exempt from giving assurance shares for their membership, as the Government shall be liable for the actions of its representatives against the Company and its creditors and shareholders.
4. He shall meet any conditions required by QFMA.

Representatives of the Government appointed in the Company's Board of Directors are exempt from the limitations imposed on the Board members under the Commercial Companies Law or the Corporate Governance Code issued by QFMA as regards prohibition of combination of positions.

A nominee to the membership of the Board shall submit a written declaration in which he declares that he is not occupying any position he is legally restricted to combine with the Board's membership. In all cases 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 3 - Formation of the Board of Directors**

Management of the company shall be undertaken by a Board of Directors formed of 11 members, who shall be elected under this Articles of Association and the Commercial Companies Law for three years. If the Government or Qatar Petroleum participate in the company, in lieu of taking part in the election for membership of the Board, both may delegate their representatives in the Board proportional to the number of shares they own; these shall be deducted from the total number of Board members. A member of the Board may be reelected for more than one term.

At least 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. In all cases, the Board's formation should guarantee that no one or more members are controlling the issuance of resolutions.

#### **Article 4 – Combination of Positions Restricted**

Without breaching the provisions of law in this regard, no person in his own or in capacity may be the 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.

Representatives of the Government appointed in the Company's Board of Directors are exempt from the restrictions imposed on the Board members under the Commercial Companies Law or the Corporate Governance Code issued by (QFMA) regarding prohibition of combination of positions.

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 should 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 5 – Board's Key Functions and Duties**

The key functions and duties 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 of 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 Governance according to this Charter.

2. Setting and Supervising the Internal Control Regulations & Procedures, including:
  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. 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.
  3. Ensuring the soundness of the financial and accounting regulations including the regulations relating to the preparation of financial reports.
  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.
  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, 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:
  - 1) Mechanism for indemnifying the stakeholders in case of breaching their rights ensured by law and contracts.



- 2) Mechanism for the settlement of grievances or disputes which arise between the Company and the stakeholders.
- 3) Suitable mechanism for building good relationships with the Company's clients and suppliers and maintaining the confidentiality of their information.
- 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) 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 matter of discussion and approval of the Governance Report.
8. Approving the nominees for appointment in 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 the shareholders quickly, trustfully, and transparently.
10. Development of awareness programmes 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 the policy 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 6 – Responsibilities of the Board**

The Board represents all shareholders, and therefore it should provide 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, growing of investments, and society development in Qatar. The Board shall also bear the responsibility of protecting the shareholders from illegal or irrational actions and practices, or any actions or decisions that may be harmful to them, discriminate between them or enable a group to dominate another.

Without violating the provisions of law, the Board has to 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 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 7 – 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 Chairman's duties and responsibilities are:

- 1) Ensuring that the Board would discuss the core issues efficiently and timely.
- 2) Approve the agenda of any Board meetings taking into consideration any issue suggested by any of the Board members.
- 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 realizing the interests of the company.
- 4) Making all the data, information, documents, and records of the Company and the Board and its Committees available to the board members
- 5) Creation of actual communication channels with the shareholders and enable them to convey their opinions to the Board of Directors.
- 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) 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 replaces the Chairman in his absence; and the Chairman may authorize some of his powers to another board member.

#### **Article 8 – Obligations of the Board members**

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 all 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 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.

The Board members may, at the Company's expense, seek the advice of an independent consultant regarding any matter of the Company.

#### **Article 9 – 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 10 – 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 11 – 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 12 – 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 13 - 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, including 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.