



NAKILAT

Governance Charter

Governance Charter

1 Introduction

Nakilat (“the company”) strongly believes in adopting a strong corporate governance practices that defines relationship among the company’s stakeholders, board of directors, senior management, and its employees to provide the framework for the governance of Nakilat; which in return achieves the long-term objectives of the company.

The following charter has been approved by the board of directors in their meeting dated 21st October 2012. The board acknowledges that there is a need for an ongoing and continuous improvement about corporate governance, and will on an annual basis review this charter.

2 The Board of Directors

2.1 Role of the Board of Directors

The board is primarily responsible for the proper and effective management of the company in conformity with the company’s mission and vision statement. In addition to its general oversight of management, the board also performs a number of specific duties, including:

- Approving the company’s strategic objectives.
- Evaluating the company’s performance, and to assess and mitigate potential risks.
- Ensuring the company compliance with related laws and regulations.

2.2 Board Composition and expertise

As per the company’s Article of Association (AoA), the board consists of seven members. Four of them represent the founders, of which two members for Qatar Petroleum and having the positions of Chairman and Vice-chairman, and the other two members to represent Qatar Navigation and Qatar Shipping. The remaining three board members shall be elected by the shareholders every three years.

The majority of board members are independent non-executive members. Board members are equipped with the required expertise and experience, and they commit adequate time and attention to perform and discharge their duties.

The position of the Chairman and Managing Directors are not held by the same person.

2.3 Board Committees

The board has established the following committees to assist the board in fulfilling its responsibilities. The committee chairs report the highlights of their meetings to the full board following each meeting of the respective committees.

The Board committees are as follows:

- **Audit Committee**

The Committee comprises 3 board members the majority of whom should be Independent. The Audit Committee must include at least one member with financial and audit experience. If the number of available Independent Board Members was not sufficient to fill the Audit Committee membership, the Company may appoint members that are not Independent Board Members provided that the Chairman of the Committee is Independent.

In any event, any person who is or has been employed by the Company's external auditors within the last 2 years may not be a member of the Audit Committee.

The Audit Committee will normally meet a minimum of four times each year. Additional meetings may be requested by any member of the Committee, Internal Audit, the External Auditors or management.

The purpose of the Committee shall be to:

Provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to:

- i. The integrity of the Company's financial statements
- ii. The Company's compliance with legal and regulatory requirements
- iii. The independent auditor's (external auditors) qualifications and independence
- iv. The performance of the Company's internal audit function and independent auditors (external auditors);

The Committee does not oversee the day-to-day work of management and has no executive powers.

The Committee is authorized by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee may retain and compensate such outside legal, accounting or other advisors, as it considers necessary in discharging its oversight role.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors (external auditors), the internal auditors, and management of the Company, and to determine that all parties are aware of their responsibilities.

The Committee shall make recommendation to the Board on matters within its Terms of Reference.

- **Compensation Committee**

The Committee comprises 3 non-executive board members the majority of whom should be Independent.

The compensation Committee will meet at least once a year. Additional meetings may be requested by any member of the Committee.

The purpose of the Committee shall be to:

Provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to:

- i. Setting the board annual remuneration in compliance with Article 42 of the company's Article of Association.
- ii. Ensuring that executive compensation is as per the company's policies and procedures.

- **Nomination Committee**

The Committee comprises 3 independent board members.

The compensation Committee will meet at least once a year. Additional meetings may be requested by any member of the Committee.

The purpose of the Committee shall be to:

Provide assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to:

- i. Identify and recommend to the board potential nominees for board membership.
- ii. Identify and assess the necessary and desirable competencies and characteristics for board memberships and regularly assessing the extent to which those competencies and characteristics are represented on the board.
- iii. Define and conduct annual self- assessment of the board.

2.4 Board Meetings & Agenda

The board of directors shall meet pursuant to an invitation from the Chairman of the board or Vice-Chairman in his absence. In addition, the Chairman shall invite the board for a meeting if minimum two members request so.

Invitation by the Chairman shall include the meeting agenda. Other board members may request to add other matter to the meeting agenda.

All board members are expected to make every effort to attend board meetings. The meeting of board of directors shall not be valid, unless, and until it is attended by half of board members including the chairman or vice chairman.

Any board resolutions issued by the board during the board meeting are issued with majority votes of the attendees. In the case of equal votes, the Chairman's side shall prevail.

3 External Auditor

According to the Commercial Companies Law Number (5) for the year 2002, Article (141), and the company Article of Association, Article (60), the company's General Assembly appoints an external auditor for one fiscal year, and provided that the period of appointment should not exceed five consecutive years.

4 Shareholders Rights

The company strives to ensure shareholders rights are well protected and looked after. The company, through its membership with the Qatar Exchange (QE), allows the company to keep valid and up to date records of ownership.

In order to keep our shareholders well informed about all material information, the company has published all material and necessary information on its web site and on QE web site.

The company's Article of Association stipulates on the company to invite the shareholders to the annual ordinary general assembly, and the shareholder has the right to request for an extraordinary general assembly and to be convened in a timely manner, provided that the shareholders owns a minimum of one-third of the shares . In addition, shareholders are allowed to discuss all matters listed on the agenda, ask questions, and receive answers from the board of directors.

The company's article of association affirms that all shares have equal rights, without any discrimination, in terms of ownership of the company's net assets and net profit distribution.

The company applies the principle of "one vote per share" in their board of director's election.

5 Stakeholders' Rights

The company's management takes into account the interest of wide range of constituencies, as well as the communities within which it operates.

Parts of the company commitment to stakeholders' rights are the following:

- I. Providing access to relevant, sufficient, and reliable information on a timely and regular basis to Stakeholders.
- II. The company's employees are treated fairly and equitably, and this is clearly addressed by the company's code of business ethics.
- III. The company strives to provide competitive compensation to its employees, which in return serves to protect the company's interest in the long term.
- IV. The company has adopted the required policies, which reveals any irregularities and violation. These required policies are addressed in the company's code of business ethics.