



# Corporate Governance Code

For Companies Listed In Markets Regulated  
By The Qatar Financial Markets Authority

| Mazaya Qatar Real Estate Development Q.S.C.

## Introduction:

Organization for Economic Cooperation and Development “OECD” defines the Corporate Governance System as the system which through it the management and control system of the companies will be done. Through it, definition of the Governance rules will be defined as well as the distribution of the rights and responsibilities among the beneficiaries in the company such as the Board of Directors, managers, shareholders and other beneficiaries. Also clarifications shall be done for the rules and procedures that are related to decision making regarding the company’s affairs.

As Mazaya Qatar Company is eager to obligate itself with the system that aiming to enhance the Governance Code which Qatar Financial Markets Authority endeavors to apply it fully in all joint stock companies and establishments which are registered at Qatar Exchange within the State. The Company has prepared its report regarding the system of Corporate Governance which includes the clauses from 1 to 30. It represents all the necessary definitions such as the procedures of getting the information and the company’s information that could be gained, the affiliated company etc. Hence, the system deals with the application scope and the principle of “Restriction or Clarification” the extent to which the company is committed to the governance principle, board of directors, its duties and tasks, the method of its formation, meetings, the rewards of the members of directors board, auditing committees, internal control and the executive officials and the great and controlling shareholders, or the disclosure of any information related to the members of directors board or the members of the other committees that are constituted by the board of directors, shareholders rights which include, but not limited to, their access to all information about the company, as well as the rights of the other stakeholders and lastly the report of Governance which we discuss it here in details as follows:

## The Governance Report:

The board of directors has to prepare an annual report that is signed by the chief of the board of directors. The report should contain the assessment of the board for the company commitment to the rules of the system. The report should be submitted to the authority on yearly basis or whenever requested by the authority. The report should contain all information related to the application of this system. It must be published. Article (30) of the code of corporate governance of the companies which are listed in the markets are subject to the control of Qatar Financial markets Authority requirements on the following bolded rules numbered from 1 to 30:

AC	Audit Committee
AGA	Annual General Assembly
AOA	Articles of Association
BOD	Board of Directors
CEO	Chief Executive Officer
CG	Corporate Governance
CGC	Corporate Governance Code
EA	External Auditor
EGA	Extra-ordinary General Assembly
GA	General Assembly
IAS	International Accounting Standards
ICS	Internal Control System
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
JD	Job Description
P&P	Policies and Procedures
QAR	Qatari Riyal
QE	Qatar Exchange
QCB	Qatar Central Bank
QFMA	Qatar Financial Markets Authority
RC	Remuneration Committee
RP	Related Party
NC	Nomination Committee
IAC	Internal Audit Committee
GC	Governance Committee

# Definitions

Access to Information Procedures	The Procedures to be adopted by each company allowing shareholders to obtain information as prescribed under this Code.
Accessible Company Information	Documents and information of the Company, that should be made available to shareholders or such information and documents that may be obtained by shareholders. The said information should include at least documents required by law or by this Code to be made available to shareholders. The Company shall take into consideration when determining whether information should be made available or accessible, the resources of the Company that would have to be devoted to allowing access to such information and the potential damage to the Company and shareholders of releasing proprietary and confidential information.
Affiliated Company	With respect to a company, a company belonging to the same group of companies.
Group Companies	Company and Companies controlled by the Company as per the definition of "control" set out by the International Financial Reporting Standards.
Authority	The Qatar Financial Markets Authority (QFMA) established by Law No 33/2005.
Board Charter	A charter detailing the Board's functions and responsibilities as well as Board Members duties
Board or Board of Directors	The Board of Directors of any Company.
Board Secretary	The person appointed by the Board in compliance with this Code and in charge of organizing and coordinating Board and other corporate matters.
Chairman	The Chairman of the Company's Board of Directors.
Company	Any joint stock company listed on the market in Qatar and in general any public company that is subject to the jurisdiction or authority of the Authority.
Corporate Governance Code	This Code as may be amended by the Authority from time to time.
Corporate Governance Report	The Corporate Governance Report is an annual report of the Company's corporate governance practices signed by the Chairman of the Board of Directors and submitted to the Authority as set out in this Code.
Cumulative Voting	The voting process for election of Board Members described as follows: For the election of Board Members, every shareholder shall hold a total number of votes equal to the shareholder's total number of voting shares multiplied by the number of seats to be filled on the Board. The shareholder shall have the right to allocate the said total number of votes to a single Board candidate or distribute his/her votes amongst such number of candidates as decided by the said shareholder.
Executive Board Member	A Board Member who performs executive management duties for the Company and/or is full-time employee of the Company

External Auditor	An audit professional who performs an audit of the financial statements of a Company, and who is independent of the Company being audited
General Assembly	The general meeting of the Company's shareholders.
Independent Board Member	<p>The Independent Board Member is the Member who is not under the influence of any factor that may limit his/her capacity to consider, discuss and decide on the Company's matters in an unbiased and objective manner (on the basis of facts only). By way of illustration and without prejudice to generality, a Board Member shall be considered non-independent in any of the following situations :</p> <p>1- If he or she is currently, or has been during the last three years:</p> <p>a- An employee of the Company; and this includes senior executive management; or  b- An employee or Board Member or owner or partner or a large shareholder of a consultant to the Company (and the consultant shall include the external auditor of the Company);or  c- An employee of a legal entity where a senior executive manager of the company or anyone of his relatives or any other person who is under the control of either of them; is a member of the board of directors, or a senior executive manager, or a large shareholder of that legal entity.</p> <p>And for the purposes of this Code a person is considered to be a large shareholder if he holds 10% or more of the voting shares of a company.</p> <p>2- If he is a relative of a senior executive manager of the Company.</p> <p>3- If he or anyone of his relatives, has currently or within the last three years, direct or indirect substantial commercial or financial transactions with the Company.</p> <p>4- If he is currently receiving or has received during the last three years a substantial compensation from the Company other than the compensation that he receives as a Board Member (The term "substantial" is defined as set forth in this Code).</p> <p>5- If he has been a Member of the Company's Board for more than nine consecutive years.</p>
Senior Executive Management	Senior Executive Management as used in this Code shall mean the Chief Executive Manager and the other Executive Managers reporting directly to him.
Internal Control	Internal audit, budget and other procedures referred to in section IV of this Code.
Major Transaction	Any transaction or series of linked or related transactions to acquire, sell, lease, exchange, or otherwise dispose of (otherwise than by way of creating a charge) assets of the Company or assets to be acquired by the Company or: (a) Which would change the essential nature of the business of the Company; or (b) In respect of which the gross value is in excess of 10% of the lesser of either the Company's market value (in case of a listed company) or the net value of the Company's assets.
Market	Any securities market subject to the regulation of the Authority including the Doha Security Market and the Qatar Securities Market Company.

Non-Executive Board Member	A Board Member who is not in charge of executive management duties in the Company and is not dedicated to the Company full time and who does not receive monthly or yearly remuneration from the Company other than the remuneration he receives as a Board Member.
Parent Company	A company that controls another company and/or owns more than 50% of the voting shares of another company.
Related Party	A person is considered to be a Related Party to the Company if he:-  (a) Is a Member of the Board of Directors of the Company or an Affiliated Company.  (b) Is a Member of the Senior Executive Management of the Company.  (c) Owns or controls 10% or more of the voting shares in the Company or any of its Affiliated Companies.  (d) Is a relative of any of the natural persons mentioned in paragraphs (a), (b) and (c) above.  (e) Is a company in which the natural persons mentioned in paragraphs (a) to (d) above own jointly or individually 20% or more of its voting shares; or a director, CEO or a key officer of such Company.  (f) Is an Affiliated Company or a Parent Company of the Company.
Relative(s)	means in relation to any person any relative of such person up to the fourth degree.
Shareholder	Every person (legal or natural) holding shares in the Company.
Stakeholder	Every person (legal or natural) having an interest in the Company including for example shareholders, employees, creditors, clients, customers, suppliers and investors.
Subsidiary	A company that is controlled by another company or whose capital is more than 50% owned by another company.
Tag Along Right	the minority shareholders right to participate in a major sale of shares or a public offering and to sell their shares on the same terms and conditions.
Substantial Commercial or Financial Transactions	Commercial or Financial Transactions shall be deemed "substantial" if the total value of the transactions of the same nature (for example distribution of products, or import of goods etc...) reaches in the same year 10% or more of the average of the total annual transactions of the same nature executed with the Company over the last three years (i.e. the result obtained by dividing the sum of the total transactions over the last three years by three to obtain the "average" for one year.)



# SECTION I

## Article 1 – Definitions

*Definitions covered in Abbreviations are adopted.*

MQ has adopted these definitions.

## Article 2 – Comply or Clarify

*Governance Report is prepared which defines the Company's compliance with QFMA standards and provides explanations for items not complied with and the reasons and rationale for non compliance.*

This QFMA compliance report is prepared to comply with this requirement.

# SECTION II

## Article 3 – Governance Obligation on Company

**3.1 The Board shall ensure that the Company complies with the principles set out in this Code. The Board shall also review and update its corporate governance practices, and regularly review the same.**

The Company has formally defined and documented the Board's role and responsibility that ensures compliance with the QFMA CGC .

**3.2 : The Board shall regularly review and update professional conduct rules setting forth the Company's corporate values and other internal policies and procedures all of which shall be binding upon the Members of the Board of Directors and the Company's staff as well as the Company's advisors (These professional conduct rules may include but are not limited to the Board Charter, audit committee's charter, company regulations , related party transactions policy and insider trading rules). The Board should review these professional conduct principles regularly so as to ensure they reflect best practices and they meet the needs of the Company.**

Mazaya Qatar has formally defined and documented its corporate governance practices in a Corporate Governance manual, which is subject to periodic review.

Such manual include, at the minimum, the following as per the QFMA requirements:

- 1 Board of Directors charter/TOR
- 2 Related Party (RP) policy
- 3 Audit Committee Charter/TOR
- 4 Remuneration Committee Charter/TOR
- 5 Nomination Committee Charter/TOR4
- 6 Code of Conduct for the Board and Company Staff
- 7 Corporate Governance Committee Charter/TOR

## SECTION III

### *Article 4 – Board Charter*

**4.1 : The Board shall make sure that the Company adopts a Charter for the Board of Directors detailing the Board’s functions and responsibilities as well as the Board Members duties which shall be fulfilled by all Board Members. The said Board Charter shall be drafted to comply with the provisions of this Code, and shall be based on the Board Charter annexed to this Code and as may be amended from time to time by the Authority. The said Board Charter shall be published and made available to the public.**

The Company has documented and adopted the Board Charter .The Board Charter is to be published and made available to the public.

This Board Charter and Board Code of Conduct<sup>5</sup> clearly describe the duties of the Board members.

### *Article 5 – Board Mission and Responsibilities*

**5.1 : The Company shall be managed by an effective Board of Directors which shall be individually and collectively responsible for the proper management of the Company.**

The Company has an active Board since the Board met 7 times in 2012. Refer to Appendix 1.

**5.2 : In addition to the Board functions and responsibilities as set out in the Board Charter, the Board shall be responsible for:**

**5.2.1 : Approving the Company’s strategic objectives, appointing and replacing management, setting forth management compensation, reviewing management performance and ensuring succession planning concerning the Company’s management.**

**5.2.2 : Ensuring the Company’s compliance with related laws and regulations as well as the Company’s articles of association and by-laws. The Board is also responsible for protecting the Company from illegal, abusive or inappropriate actions and practices.**

The Company has defined and documented the responsibilities of the Board to comply with the Board Charter.

**5.3 : The Board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case written and clear instructions shall be given concerning the delegated function or authority with the requirement to obtain the Board’s prior approval on specific matters. In any event, and even where the Board delegates one of its functions or authorities, the Board remains liable for all of its functions or authorities so delegated.**

**Article 34 of the AOA allows the appointment of the delegated agents subject to the approval of the Board.**

**An Authority Matrix was approved by the Board at the 4th Board meeting held in July 7, 2011.**

MQ Board Charter

5 MQ Code of Professional Conduct





## **Article 6 – Board Members’ Fiduciary**

**6.1 : Each Board Member owes the Company the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations including this Code and the Board Charter.**

**6.2 : Board Members must at all times act on an informed basis, in good faith, with due diligence and care, and in the best interests of the Company and all shareholders.**

**6.3 : Board Members shall act effectively to fulfill their responsibilities towards the Company.**

Mazaya Qatar Board Members act with diligence, care and loyalty. The Company has defined and documented the Board’s role and responsibility which ensures compliance with the QFMA CGC.

## **Article 7 – Separation of Chairman and CEO**

**7.1 : The same person may not hold or exercise the positions of Chairman and Chief Executive Officer at the same time. The position of Chairman and the CEO are duly separated. Chairman is Mr. Rashid Fahad Al Naimi and the CEO is Mr. Seraj Saleh Al Baker.**

The division of responsibilities between the two positions shall be clear.

The responsibility of the Chairman of the Board to represent the Company and being authorized to act on the Company’s behalf is briefly covered in Articles 31 and 34 of the AOA of the Company . Similarly the responsibilities of the CEO are defined and documented as per the Corporate Governance manual including adequate provisions in a role description of the Chairman of the Board and CEO to address the identified gaps.

**7.2 : In all circumstances, no one person in the Company should have unfettered powers to take decisions.**

**Article 35 of the AOA mentions that Board decisions will be made by majority of the votes of attendees &3.**

As per the Authority Matrix and the Bank Signatory list, payments are subject to a dual signatory system. In addition, Board and Management committees have been formed to make joint decisions.

## **Article 8 – Duties of the Chairman of the Board**

**8.1 : The Chairman is responsible for ensuring the proper functioning of the Board; in an appropriate and effective manner including timely receipt by the Board Members of complete and accurate information.**

The duties and responsibilities of the Board Chairman are briefly covered in the AOA of the Company and terms of reference for the chairman have been documented and defined8 .

**8.2 : The Chairman may not be a member of any of the Board committees prescribed in this Code.**

The Company has formed Audit Committee, Remuneration Committee and Nomination Committee to comply with the requirements of QFMA CGC, where the Chairman has no role in these committees.

**8.3 : The duties and responsibilities of the Board Chairman are defined in accordance with the provisions of Article 8.3 of the QFMA CGC.**

The duties and responsibilities of the Board Chairman are briefly covered in the AOA of the Company. The Company has formally defined and documented the duties and responsibilities of the Board Chairman in compliance with the QFMA CGC8.

## **Article 9 – Board Composition**

**9.1 : The Board composition shall be determined in the Company's by-laws. The Board shall include executive, non-executive and independent Board Members so as to ensure that the Board decisions are not dominated by one individual or a small group of individuals.**

The Composition of Board is mentioned in Chapter 4, Article 27 of the AOA of the Company and the MQ Board Charter .

A nominated Board has been appointed for an initial period of 5 years representing the Institutions that founded the Company.

**9.2 : At least one third of the Board Members shall be Independent Board Members and a majority of the Board Members shall be Non-Executive Board Members.**

As per management representation, the Board Members of the Company consist of 8 members. The present Board members are nominated members representing the founders.

The MQ Board Charter of the Company includes a requirement for the Board to be composed of Executive, Non-Executive and Independent members' viz. The Board shall consist of eight (8) Directors. Of the eight (8) Directors, at least four Directors shall be appointed as representatives of Qatari Shareholders, and the others shall be appointed via a secret ballot voting at the General Assembly meeting for a renewable three (3) years period, except for the first Board of Directors which is appointed for five (5) years.

**9.3 : Board Members shall have adequate expertise and knowledge to effectively perform their functions in the best interest of the Company and they shall give sufficient time and attention to their role as Board Members.**

Eligibility to act as a Board Member is briefly mentioned in Article 28 of the AOA.

The Board met 7 times during the year 2012. Refer Appendix 1 for details of Board meetings and the attendance by Board Members.

The Company has yet to formally document the requirements of expertise and knowledge to be elected as a Board Member of the Company, in compliance with the requirements of QFMA CGC.

## **Article 10 – Non- Executive Board Members**

**10.1 : The duties of Non-Executives Board Members are aligned with the duties set out in Article 10.1 of QFMA Code of Governance.**

The Company has formally defined and documented the duties of the Non-Executive Members of the Company, to comply with the requirements of QFMA CGC.

**10.2 : A majority of the Non-Executive Board Members may request the opinion of an independent consultant, in relation to any of the Company's affairs, at the Company's expense.**

The Company has formally defined and documented the right to a majority of Non-Executive Members to obtain the opinion of an independent consultant at the Company's expense .

## **Article 11 – Board Meeting**

**11.1 : The Board of Directors shall hold meetings regularly, so as to ensure that the Board is effectively performing its duties. The Board shall meet at least six times during a year.**

Article 35 of the AOA of the Company and the Board Charter contains the provision of holding at least six meetings in a year at a maximum interval of two months, where the Board has met 7 times during 2012. Refer Appendix 1 for details on the Board meetings for 2012.

Board meetings are convened by the Board Chairman or upon written request of two Board members.

Article 35 of the AOA of the Company and the Board Charter states that all meetings should be convened on the request of the Board Chairman, in his absence, the Vice Chairman or on the request of two Board members.

**11.2 : The Board shall meet when convened by its Chairman or upon the written request of two Board Members. The invitation for the Board meeting and agenda shall be communicated to each Board Member at least one week before the date of the meeting, noting that any Board Member may add any item to the agenda.**

As stated in the Board and Audit Committee Charter the Board Secretary ensures that documentation is retained that the Board pack is issued at least a week in advance of the meeting.

## **Article 12 – Board Secretary**

**12.1 : The Board shall appoint a Board Secretary whose functions shall include recording the minutes of all the Board meetings and safekeeping records, books and reports submitted by or to the Board. Under the direction of the Chairman, the Board Secretary shall also be in charge of ensuring timely access to information and coordination among the Board Members as well as between the Board and the other stakeholders in the company including shareholders, management, and employees.**

The Company has appointed Mrs. Roba Abou Yousef as a Board Secretary dated November 3, 2008 where her duties are with compliance to QFMA CGC.

**12.2 : The Board Secretary shall ensure that Board Members have full and timely access to the minutes of all Board meetings, information, documents, and records pertaining to the Company.**

All of the points mentioned in 12.2 are applicable and documented in the TOR of the Secretary of the Board .

**12.3 : All Board Members shall have access to the services and advice of the Board Secretary.**

As stated in the Board Charter, the board secretary with the following personnel's:

- Board Chairman and Members
- Board Committee(s)
- Related entity representatives
- CEO
- Consultants
- External Auditors
- Government Institutions
- Local Authorities
- Shareholders
- All other business entities (as and when required)

**12.4 : The Board Secretary may only be appointed or removed by a Board resolution. The appointment of the present Board Secretary was made by the Board Resolution No. 11 dated November 3, 2008.**

**12.5 : The Board Secretary should preferably be a member of a recognized body of professional accountants, or a member of a recognized or chartered body of corporate secretaries, or a lawyer or a graduate from a recognized university or equivalent. The individual should have at least three years experience of handling the affairs of a public company listed in the market.**

The following qualification mandates are described in the Board charter:

A member of a recognized body of professional accountants, or a member of a recognized or chartered body of corporate secretaries, or a lawyer or a graduate from a recognized university or equivalent and.

Should have at least three years experience of handling the affairs of a public company listed in the market.

The Board Secretary holds a Bachelor of Law degree and Master degree in General Law. She has been working with the Company since November 2008 in her current position and has prior work experience of 4 years with a law firm & legal consultancy and 6 years in the Ministry of Municipality & Urban Planning in the State of Qatar.

#### **Article 13 – Conflict of Interest and Insider Trading**

**13.1 : The Company shall adopt and make public general rules and procedures governing the Company's entering into any commercial transaction with a Related Party (the Company's "Related Party Policy"). In any event, it shall not be permitted to enter into any commercial transaction (or contract) with any a Related Party unless in strict compliance with the aforementioned Related Party Policy. The said policy shall include principles of transparency, fairness and disclosure in addition to the requirement that a related party transaction be approved by a majority vote of the shareholders, without the concerned Related Party participating in the voting.**

**13.2 : Whenever an issue involving conflict of interests or any commercial transaction between the Company and any of its Board Members or any Party related to said Board Member, is discussed in a Board meeting, the said issue shall be discussed in the absence of the concerned Board Member who may not in any event participate in the voting on the matter. In any event, such transaction shall be made at market prices and on arm's length basis and shall not involve terms that are contrary to the interests of the Company.**

The following requirements of the QFMA Code of Governance have been included and implemented :

1. A RP policy has been established to govern commercial transaction with related parties and potential conflicts of interest, with reference to the definition of related parties in the QFMA Code2.
2. A declaration of interests by Board members and senior management has been established to facilitate monitoring of conflict of interest situations .

**13.3 : In any event, such transactions shall be disclosed in the Company's annual report and specifically referred to in the General Assembly following such commercial transactions.**

The Company has disclosed all RP transactions in the financial statements for the year ending 2012.

**13.4 : Trading by Board Members in the Company's shares and other securities shall be disclosed and the Company shall adopt clear rules and procedures governing trading by Board Members and employees in the company securities.**

1. The Company has developed insider trading rules/guidelines for trading in company's shares by the employees and Board members , in compliance with QFMA CCG requirements.
2. Trading of the company's shares and securities by Board members has been identified and disclosed.



## **Article 14 – Other Board Practices and Duties**

### **14.1 : Board Members shall have full and immediate access to information, documents, and records pertaining to the Company.**

As per Management's representation and stated in the Board Charter, the Board has been provided with all required and requested information and has effective access to all Company information, records and documents.

The Company's executive management shall provide the Board and its committees with all requested documents and information.

Management provides regular updates to the Board and a formal document has been established.

### **14.2 : The Board Members shall ensure that the Nomination, Remuneration and the Audit Committee members, the Internal Audit and representatives of the External Auditors attend the General Assembly.**

The Board ensured that the external auditors (EA) attended the Annual General Meeting (AGM) dated April 28, 2011. The EA discussed the Financial Statements and audit report.

The Company has formed a Nomination Committee, Remuneration Committee and Audit Committees. In addition, the Company has appointed Ernst & Young in an Internal Audit function.

The Roles and Responsibilities of Board members to ensure that the Nomination, Remuneration and Audit Committee members, the Internal Audit and representatives of the External Auditors attend the General Assembly (GA) are defined and documented 1,3&4.

### **14.3 : The Board shall put in place an induction program for newly appointed Board Members in order to ensure that, upon their election, Board Members are made fully aware of their responsibilities, and have proper understanding of the manner in which the Company operates.**

Mazaya Qatar has established a formal induction process for new Board members to ensure that Board members are made fully aware of their responsibilities and, the Company's operations .

### **14.4 : The Board Members are responsible for having an appropriate understanding of their role and duties, and for educating themselves in financial, business, and industry practices as well as the Company's operations and functioning. In this respect, the Board shall adopt an appropriate formal training to enhance Board Members' skills and knowledge.**

Board Induction and training policy has been developed.

### **14.5 : The Board of Directors shall at all times keep its Members updated about the latest developments in the area of corporate governance and best practices relating thereto. The Board may delegate the same to the audit committee or the governance committee or any other body as it deems appropriate.**

Mazaya Qatar has yet to establish a training program to provide suitable and formal training courses to support the continuous development of the Board members to ensure Board members remain abreast with new trends and developments in the corporate governance area.

The responsibility to keep the Board up-to date on corporate governance is assigned to the Audit or Governance Committee1.

### **14.6 : The Company's articles of association shall include clear procedures for removing Board Members in the event of failing to attend Board meetings.**

Adequate provisions are available in Articles 35 to 37 of the AOA regarding the attendance of Board members and the criteria for removal of Board members in case of absence from Board meetings.

#### **Article 15 – Board Members Appointment. The Nomination Committee**

**15.1 : Nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures.**

The Company has established a Nomination Committee and the terms of reference detailing the nomination, appointment, authority and role<sup>4</sup>.

**15.2 : The Board shall constitute a Nomination Committee chaired by an Independent Board Member and comprised of Independent Board Members which shall recommend Board Members' appointments and re-nomination for election by the General Assembly (for the avoidance of doubt, nomination by the Committee does not deprive any shareholder of his rights to nominate or to be nominated);**

A formal process for declaration by Directors on inter alia shareholding, other mandates, profession, employment of relatives, qualifications, experience and other interests has been established<sup>1&4</sup>.

**15.3 : Nominations shall take into account inter alia the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and personality and should be based on the Fit and Proper Guidelines for Nomination of Board Members<sup>□</sup> annexed to the Code as amended by the Authority from time to time;**

In this context, the Company has formulated and adopted Board nomination criteria<sup>4</sup> as per the QFMA CGC Article 15.

**15.4 : Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role.**

The Nomination policy and formal terms of reference containing the roles and responsibilities of the NC have been formulated<sup>4</sup>.

**15.5 : The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance.**

The Nomination Committee, reviews annual self assessment report submitted by the Board Members<sup>4</sup> as per the QFMA requirements.

#### **Article 16 – Board Member's Remuneration – Remuneration Committee**

**16.1 : The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members the majority of whom must be Independent.**

The Company has established the RC and terms of reference<sup>4</sup>.

**16.2 : Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities.**

The Remuneration policy and formal terms of reference containing the roles and responsibilities of the RC have been formulated<sup>4</sup>.

**16.3 : The Remuneration Committee's main role shall include setting the remuneration policy of the Company including remuneration of the Chairman and all Board Members as well as Senior Executive Management.**

A comprehensive remuneration policy should govern the remuneration of the Chairman of the Board, Board Members and Executive Management. A formal document stating the Terms of Reference for Remuneration Committee has been established.

**16.4 : The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public.**

Will be presented in the same GA meeting that will be held for approving the Corporate Governance Report.

**16.5 : Remuneration shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the Company. Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the Company.**

To comply with the requirements of QFMA CGC, the Company has yet to present the remuneration policy of its Board members and Senior Management at the General Assembly for approval and make public the same.

#### **Article 17 – Audit Committee**

**17.1 : The Board of Directors shall establish an Audit Committee that shall be comprised of at least three 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's Independent.**

The Company has established an Audit Committee. As such, a comprehensive terms of reference that addresses the requirements of the QFMA CGC has been prepared, adopted, implemented<sup>3</sup>.

**17.2 : 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.**

No member of the AC was an employee of the external auditors within the last 2 years.

**17.3 : The Audit Committee may consult at the Company's expense any independent expert or consultant.**

Mazaya Qatar has appointed Ernst & Young in an Internal Audit function.

**17.4 : The Audit Committee shall meet regularly at least once every three months or as needed, and shall keep minutes of its meetings.**

AC met 1 time this year meeting : October 23th, 2012.

Meetings shall be held at least once a year. In addition to the routine meetings of the Committee, any member of the Committee may at any time request the Secretary of the Committee to arrange a meeting if he considers that one is necessary.

As stated in the Audit Committee Charter: Minutes of all proceedings of meetings of the Audit Committee shall be recorded by the Internal Audit Function and circulated to all the members.

**17.5 : In the event of any disagreement between the Audit Committee's recommendations and the Board's decision including where the Board refuses to follow the Committee's recommendations concerning the external auditor, the Board shall include in the Company's Governance Report, a statement detailing such recommendations and the reason(s) behind the Board of Directors' decision not to follow the recommendations.**

No current disagreement, however in case there was a disagreement than the Board shall include in the Company's Governance Report, a statement detailing such recommendations and the reason(s) behind the Board of Directors' decision not to follow the recommendations.

The Audit Committee policy and formal terms of reference containing the roles and responsibilities of the AC have been formulated<sup>3</sup>.

**17.6 : Upon its establishment, the Audit Committee shall adopt and make public its terms of reference explaining its main role and responsibilities in the form of an Audit Committee Charter including in particular the following:**

**17.6.1 to adopt a policy for appointing the External Auditors; and to report to the Board of Directors any matters that, in the opinion of the Committee, necessitate action and to provide recommendations on the necessary procedures or required action;**

A formal document stating the appointment of external auditors has been established .

**17.6.2 to oversee and follow up the independence and objectivity of the external auditor and to discuss with the external auditor the nature, scope and efficiency of the audit in accordance with International Standards on Auditing and International Financial Reporting Standards;**

A formal document stating the appointment of external auditors has been established<sup>15</sup>.

**17.6.3 to oversee, the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports , and to review such statements and reports. In this regard particularly focus on:**

- a. Any changes to the accounting policies and practices;
- b. Matters subject to the discretion of Senior Executive Management;
- c. The major amendments resulting from the audit;
- d. Continuation of the Company as a viable going concern;
- e. Compliance with the accounting standards designated by the Authority;
- f. Compliance with the applicable listing Rules in the Market; and
- g. Compliance with disclosure rules and any other requirements relating to the preparation of financial reports;

**17.6.4 to coordinate with the Board of Directors, Senior Executive Management and the Company's chief financial officer or the person undertaking the latter's tasks, and to meet with the external auditors at least once a year;**

A formal document stating the appointment of external auditors has been established<sup>15</sup>.

**17.6.5 to consider any significant and unusual matters contained or to be contained in such financial reports and accounts. And to give due consideration to any issues raised by the Company's chief financial officer or the person undertaking the latter's tasks, or the Company's compliance officer or external auditors;**

No matters were raised by the Chief Financial Officer.

**17.6.6 to review the financial and Internal Control and risk management systems;**

A formal document stating the appointment of external auditors has been established<sup>15</sup>.

**17.6.7 to discuss the Internal Control systems with the management to ensure management's performance of its duties towards the development of efficient Internal Control systems;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.8 to consider the findings of principal investigations in Internal Control matters requested by the Board of Directors or carried out by the Committee on its own initiative with the Boards' approval;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.9 to ensure ;coordination between the Internal Auditors and the External Auditor, the availability of necessary resources, and the effectiveness of the Internal Controls;**



A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.10 to review the Company's financial and accounting policies and procedures;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.11 to review the letter of appointment of the External Auditor, his business plan and any significant clarifications he requests from senior management as regards the accounting records, the financial accounts or control systems as well as the Senior Executive management's reply ;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.12 to ensure the timely reply by the Board of Directors to the queries and matters contained in the External Auditors' letters or reports;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.13 to develop rules, through which employees of the Company can confidentially report any concerns about matters in the financial reports or Internal Controls or any other matters that raise suspicions. And to ensure that proper arrangements are available to allow independent and fair investigation of such matters whilst ensuring that the aforementioned employee is afforded confidentiality and protected from reprisal. Such rules should be submitted to the Board of Directors for adoption.**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.14 to oversee the Company's adherence to professional conduct rules;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.15 to ensure that the rules of procedure related to the powers assigned to the Board of Directors are properly applied;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.16 to submit a report to the Board of Directors on the matters contained in this Article ;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

**17.6.17 to consider other issues as determined by the Board of Directors;**

A formal document stating the appointment of external auditors has been established<sup>3</sup>.

## SECTION IV

### **Article 18 – Compliance, Internal Control and Internal Auditor**

**18.1 : The Company shall adopt Internal Control Systems, approved by the Board, to evaluate the methods and procedures for risk management, implementation of the Company's corporate governance code and compliance with related laws and regulations. And the Internal Control Systems shall set clear lines of responsibility and accountability throughout the Company's departments.**

The current system of Internal Controls is governed by the Board approved Policies and Procedures (P&P) and Authority Matrix. The P&P include Finance, cash control, budget control, human resources, IT and an Employee handbook.

**18.2 : Internal Control Systems shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit functions in addition to the external audit. The Internal Control Systems shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto.**

The organization chart was approved by the Board as a part of the Amended Business Plan, at the Board meeting held on November 15, 2011.

Job descriptions which were approved by the Board in July 7, 2011 describe the tasks and duties of the positions included in the approved organization chart.

Also, an Authority matrix has been approved by the Board in July 7, 2011, which includes the authorized signatories for Mazaya Qatar.

The company is in process to update the Organization Structure and Job descriptions.

**18.3 : ICS includes effective and independent risk assessment and management functions, as well as financial and operational internal audit functions, in addition to external audits.**

The Company relies on the external auditor to provide an independent opinion on the Company's financial statements and ICS.

ICS should ensure that all related-party transactions are handled in accordance with the related party policy.

**Refer to point 13.1**

**18.4 : The internal audit function shall include at least one internal auditor appointed by the Board of Directors. This internal auditor shall report to the Board or the Chief Executive Officer of the Company, either directly or through the Audit Committee.**

Mazaya Qatar has appointed Ernst & Young to provide outsourced internal audit services on November 28, 2011.

**18.5 : The internal auditor shall prepare and submit to the Audit Committee and the Board of Directors an "internal audit report" which shall include a review and assessment of the Internal Control system of the Company. The scope of the Internal Audit Report shall be agreed between the Board (based on the Audit Committee recommendation) and the internal auditor and shall include particularly the following:**

- Control and oversight procedures of financial affairs, investments, and risk management.
- Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes.
- Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board.
- Internal Control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements).
- The Company's compliance with applicable market listing and disclosure rules and requirements.
- The Company's compliance with Internal Control systems in determining and managing risk.
- All relevant information describing the Company's risk management operations.

Internal audit reports directly to the Internal Audit Committee<sup>1</sup> which reports to the Board directly.

All other points are applicable with compliance of QFMA CGC

**18.6 : The Internal Audit Report shall be prepared every three months.**

Applicable.



## SECTION V

### **Article 19 – External Auditor**

**19.1 : An External Auditor who is independent, and qualified, and appointed upon the recommendation of the Audit Committee to the Board and the decision of the Company’s General Assembly, shall undertake an annual and semi-annual independent audit.**

The external auditors for 2009, 2010, 2011 and 2012 were appointed by the shareholders of the Company at the annual GA on recommendation of the Board (in the absence of an Audit Committee).

Apart from audit of the financial statements as on December 31, 2012, requested that financial statements are reviewed for the period June 30, 2012.

Appointment of the external auditor is described in a formal document<sup>14</sup> .

The purpose of the said audit is to provide an objective assurance to the Board and shareholders that the financial statements are prepared in accordance with this Code, related laws and regulations and international financial reporting standards and accurately represent the financial position and performance of the Company in all material respects.

Audited Financial Statement provides an objective assurance that the financial statements are in:

- a. compliance with Commercial Companies Law of Qatar and AOA,
- b. compliance with International Financial Reporting Standards, and
- c. all material aspects accurately represent the Company’s financial position and performance.

The Audited Financial Statements have yet to provide assurance that the statements are prepared in accordance with the QFMA CGC.

**19.3 : The Company’s External Auditor must attend the Company’s annual ordinary General Assembly where he shall deliver his annual report and answer any queries in this respect.**

Articles 64 of AOA and the MQ corporate governance document 1 mentions that the EA should attend the GA and that, the shareholders have the right to discuss and request clarification on the annual report prepared by the EA.

**19.4 : The External Auditor is accountable to the shareholders and owes a duty to the Company to exercise due professional care in the conduct of the audit.**

Article 62 of AOA requires the External Auditor to perform its duties in full compliance with the related laws, holds EA responsible for the accuracy of the information in the Financial Statements and he owes a duty of care to the shareholders. The same is mentioned in the MQ corporate governance document<sup>1</sup>.

The External Auditor is also responsible for notifying the Authority and any other regulatory authority should the Board fail to take proper action concerning suspicions raised or identified by the External Auditors.

The contract with the EA mentions under the Audit Responsibilities and Limitations, “We will conduct our audit in accordance with International Standards on Auditing (ISAs)”

**19.5 : A listed company shall change its External Auditor every three years at a maximum.**

Article 61 of AOA requires auditors to be changed every 5 years that is in line with Article 141 of the local commercial law number 5 of 2002. Appointment of the external auditor and provision of non audit service is described in a formal document<sup>14</sup>.

The current EA was appointed in 2008, please note that the company was listed in the QE on October 17, 2010.

## SECTION VI

### **Article 20 – Corporate Governance Report**

**20.1 : The Company must comply with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board Members, senior executives and major or controlling shareholders. The Company must also disclose information about its Board Members including notably a resume of each member describing his/her respective education, profession, other board seats that they may hold (if any). Names of the members of various Committees constituted by the Board as mentioned in Article 5.3, along with the composition of the committee, should also be disclosed.**

Mazaya Qatar maintains a corporate website on which information of the current Board members, financial results, annual reports and general updates on the Company's activities are made available to the public. The same is mentioned in the MQ corporate governance document

**20.2 : The Board shall ensure that all disclosure made by the Company provides accurate and true information which is not non-misleading.**

The Company has formally defined and documented this responsibility of the Board and, adopt policies and procedures to govern disclosures<sup>1</sup>.

The Board Roles and Responsibilities are briefly documented in the AOA of the Company and the Board Charter.

**20.3 : The Company's financial reports must comply with IFRS /IAS and ISA standards and requirements. In addition to stating whether the external auditor obtained all information needed, the external auditor report shall also state whether the Company conforms to IFRS/IAS and that the audit has been conducted in accordance with IAS.**

The same has been addressed by the External Auditor for the Company's Financial Statements.

**20.4 : The Company audited financial reports shall be circulated to all shareholders.**

The Company was listed on the Qatar Exchange only on October 17, 2010.

However, the Financial Statements are published on the Qatar Exchange Website, as well on the company website<sup>17</sup>.

## SECTION VII

### **Article 21 –Shareholder Rights**

**21.1 : Shareholders have all rights conferred upon them by related laws and regulations including this Code as well as the Company's by-laws; and the Board shall ensure that shareholders' rights are respected in a fair and equitable manner.**

The Company's AOA promotes the protection of shareholder rights.

The requirement has been included as a part of documented roles and responsibilities of the Board Charter<sup>1</sup>.

No. Article 22 –Ownership Records

**22.1 : The Company shall keep valid and up to date records of share ownership.**

Article 10 of AOA requires the Company to retain records of share ownership.

Mazaya Qatar relies on Qatar Exchange for its shareholder register since the company is listed. The shareholders register is currently obtained on a periodic basis<sup>11</sup>.

**22.2 : Shareholders shall have the right to review and access for free the Company's shareholders' register at the Company's regular office hours or as otherwise determined in the Company's Access to Information Procedures (refer point 23.1 below).**

As per Management and Board Secretary representation, shareholders have the right to view the share register at any time<sup>11</sup>.

**22.3 : Shareholders are entitled to obtain copy of shareholder register; board register; AOA and By-laws of company; Instruments creating charge or right on company's asset and Related party contracts and other documents QFMA may decide upon payment of a prescribed fee.**

This has been formally documented; access to information procedures in a comprehensive Corporate Governance Manual<sup>1</sup>.

#### **Article 23 – Access to Information**

**23.1 : The Company shall include in its articles of association and by-laws Procedures of Access to Information to ensure that shareholders rights of access to Company documents and information in a timely manner and on a regular basis, are preserved. The Access to Information Procedures shall be clear and detailed and shall determine (i) the Accessible Company Information including the types of information that is made accessible on an on-going basis to individual shareholders or to shareholders representing a minimum percentage of the Company's share capital, and (ii) clear and express procedures to access such information.**

Information access procedures for shareholders to access information have not been defined in the AOA of the Company. However the same has been documented and defined in the MQ corporate governance<sup>17</sup>

Procedures to gain access to information are yet to be included in the AOA and governance documents in line with the requirements of the QFMA CGC.

**23.2 : The Company shall have a website where all relevant information and public information and disclosures must be posted. This includes all information that is required to be made public by this Code and any related laws and regulations.**

The following information have yet to be disclosed on the corporate website<sup>17</sup> of Mazaya Qatar , as per requirements of the QFMA CGC:

1. Shareholdings of Board Members and senior executives.
2. Profession of the Board Members if they are seated in other institutions and their respective Boards.

#### **Article 24 –Shareholder Rights with Regard to Shareholder's Meeting**

**24.1 : The Company's articles of association and by-laws shall include provisions ensuring effective shareholders' right to call for a General Assembly and be convened in a timely manner; the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon; and the right to make informed decisions.**

The AOA includes adequate provisions, as follows:

- Article 46 for shareholders right to attend AGA.
- Article 64 for shareholders to ask questions to the Board and External Auditors.

#### **Article 25 – Equitable Treatment of Shareholders and Exercise of Voting Rights**

**25.1 : All shares of the same class, shall have the same rights attached to them.**

As per Article 20 of the AOA, each share entitles its holder for equal rights without any discrimination in the Company assets and, in the profits distributed by the Company.

**25.2 : Proxy Voting is permitted in compliance with related laws and regulations..**

As per Article 46 of the AOA, Proxy votes are allowed in the General Assembly and criteria to be met in order to hand over a Proxy is mentioned<sup>1</sup>.

#### **Article 26 – Shareholders' Rights concerning Board Members' Election**

**26.1 : The Company's articles of association and by-laws shall include provisions ensuring that shareholders are given information relating to Board Members' candidates including a description of candidates' professional and technical skills, experience and other qualifications.**

This requirement is yet to be included in the AOA.

**26.2 : Shareholders shall have the right to cast their votes for Board Member's election by Cumulative Voting.**

This requirement is yet to be included in the AOA.

**Article 27 – Shareholder's Rights Concerning Dividend Distribution**

**27.1 : The Board of Directors shall submit to the General Assembly a clear policy on dividend distribution. This shall include the background and rationale of such policy in terms of the best interest of the Company and the shareholders.**

The policy on dividend is stipulated by Article 70 of AOA, which requires dividend to be not less than 5% of the paid capital, if distributed<sup>19</sup>.

There was no dividend distributed for the year 2010.

**Article 28 – Capital Structures, Shareholders' Rights & Major Transactions**

**28.1 : Capital Structures should be disclosed and Companies should determine the type of shareholders agreements that should be disclosed.**

The Company currently has issued and fully paid up shares of QAR 1,000,000,000 (1 Billion) at QAR 10 per share.

The capital structure of the Company is disclosed in the Company's Financial Statements, Qatar Exchange Website and the corporate website<sup>20</sup>.

## SECTION VIII

**Article 29 – Stakeholder' Rights**

**29.1 : The rights of Stakeholders are to be respected. Where Stakeholders participate in the corporate governance arrangements; they shall have access to relevant, sufficient and reliable information on a timely and regular basis.**

The Board and Management are committed to respect stakeholder rights<sup>19</sup>.

**29.2 : The Board of Directors shall ensure that the Company's employees are treated according to the principles of fairness and equity and without any discrimination whatsoever on the basis of race, gender, or religion.**

The Board and Management are committed to treat employees fairly and without discrimination<sup>18</sup>.

**29.3 : The Board shall develop a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company.**

Refer to point 5.2

**29.4 : The Board shall adopt a mechanism enabling company employees to report to the Board suspicious behaviour, where such behaviour is unethical, illegal, or detrimental to the Company. The Board shall ensure that the employee addressing the Board shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee's superiors.**

Mazaya Qatar has established a formal mechanism (whistle blowing program) which enables employees to report behavior that is suspicious, illicit, unethical or detrimental to the Company, whilst ensuring the confidentiality of the information received and the protection of the whistleblower<sup>18</sup>.

## SECTION IX

### **Article 30 – Report**

The Board shall prepare an annual Corporate Governance Report signed by the Chairman. This report shall include the Board's assessment of the Company's compliance with the provisions of this Code. This Report shall be submitted to the Authority on an annual basis and whenever required by the Authority. The said Report shall be published and shall include all information related to the application of this Code, including notably:

**30.1 Procedures followed by the Company in this respect;**

**30.2 Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future;**

**30.3 Members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration;**

**30.4 Internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management;**

**30.5 The procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes;**

**30.6 Assessment of the performance of the Board and senior management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board;**

**30.7 Internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements);**

**30.8 The Company's compliance with applicable market listing and disclosure rules and requirements;**

**30.9 The Company's compliance with Internal Control systems in determining and managing risks;**

**30.10 All relevant information describing the Company's risk management operations and Internal Control procedures.**

The Company is preparing the Corporate Governance Report as per QFMA CGC in the current year.

The report for the year 2012 has been prepared and made public.

## APPENDICES

### Appendix 1 – Board Meetings held in 2012

Board meeting number / Year	Date	No. of Members Attended	No. of Members Excused
1 / 2012	January 15, 2012	6	2
2 / 2012	February 15, 2012	4	4
3 / 2012	April 11, 2012	7	1
4 / 2012	August 13, 2012	6	2
5 / 2012	September 11, 2012	4	4
6 / 2012	October 23, 2012	5	3
7 / 2012	December 9, 2012	6	2

### Appendix 2 – Board Composition

No.	Name	Designation	Period
1	Rashed Fahad Al Naimi	Chairman	Inception to date
2	Sheikh Suhaim bin Abdullah Al Thani	Vice Chairman	Inception to date
3	Abdullah Ali Al Kuwari	Member	Inception to date
4	Ali Youssef Kamal	Member	Inception to date
5	Muhammad Ali Al Kubaisi	Member	7 October 2010 to date
6	Rashid Yaqoub Al Nafisi	Member	22 July 2010 to date
7	Saad Ibrahim Abd El-Latif al Muhannadi	Member	10 January 2011 to date
8	Saad Nasser Al Muneefi	Member	20 September 2010 to date