



## **BOARD OF DIRECTORS CHARTER**

**AK-CEO-OTH-001**

Rev 2, 04.09.2018

Via Board of Directors Resolution <b>No.08</b> Meeting No.04/2018 Date: <b>29.10.2018</b>
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APPROVED
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## 1. Introduction

The Board of Directors Charter sets out the company's corporate governance policy that defines the respective roles, responsibilities and authorities of the Board in the governance, management and control of the organization.

This Charter should be read in conjunction with the company's Articles of Association and the Participants Agreement. If a dispute in content of meaning arises, the wording of the Articles of Association prevails.

## 2. Role of the Board

The Board represents all shareholders; therefore, the Board must exert duty of care in the oversight of the Company in an effective and productive manner to achieve the best interest of the Company's stakeholders. In general, the Board is responsible, and has the authority to provide effective leadership in achieving the company's strategic goals and objectives to grow value in a profitable and sustainable manner; establishing a policy framework for governing the company ensuring the company has appropriate corporate governance structures in place, and oversees the business and affairs of the company in light of emerging risks and opportunities. It is the role of the senior management to manage the company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board is accountable to the Shareholders of the company for the business operations and affairs of the company.

## 3. Responsibilities of the Board

The main functions and responsibilities of the Board include the following:

### 3.1 Corporate Governance

- Ensure corporate accountability to the Shareholders of the company primarily through adopting an effective stakeholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, providing a link between the company and its shareholders.
- Ensure that the company adheres to high standards of ethical and corporate behavior.
- Ensure that the company has appropriate corporate governance framework, risk management, internal controls, regulatory compliance, policies and procedures

- Ensure that the company is in compliance with its Articles of Association and applicable international and local laws and regulations including QCB regulations.
- Ensure that the Management of the company conveys top down the culture of Corporate Governance, Risk Management and Internal Control.
- Adopt the Board of Directors' Charter, which specifies the Board's obligations and responsibilities, as well as the Board members' tasks and restrictions. This Charter shall be issued upon the date it is published for the public by the Qatar Central Bank
- Review periodically the governance framework and internal control functions. The internal control function review must be performed by the company's auditor or another external auditor, who is independent, objective and impartial. He must submit a report to the Board of Directors within a month of the review and send a copy to Qatar Central Bank within one month of receiving the report by the Board.
- Develop and approving the administrative and organizational structure, policies (including financial, accounting and internal auditing), strategies and regulations, mainly the risk management system and the internal management system.
- Approve and adopting the overall risk management framework of the insurance company.
- Establish and forming the necessary board committees and approving their responsibilities and competencies. The Board shall remain responsible for the board committees.
- Appoint a sufficient number of non-executive board members in the board committees. All board committees will inform the Board of Directors of their work and relevant results at least twice in any calendar year.
- Setting standards for evaluating the performance of the Board and the senior management.
- Approve general and financial authorities.

### **3.2 Strategic Management**

- Approve the strategic plan with annual updates, an annual operational plan and budget, and related corporate performance measures and monitoring implementation.
- Approve the most appropriate capital and investment structure of the Company, its strategies, investment goals and financial objectives.

- Oversee the progress and performance of the company in conjunction with the management, in meeting the strategic and operational plans and corporate objectives and recommend actions to the management team to achieve the objectives. Taking into account changes in the business environment, their potential impact on the company's strategies, operating environment, and responding to these changes where necessary.
- Approve board policies and advising management, when requested, in establishing policies for strengthening the performance of the company including ensuring that Management is proactively seeking to build the business through areas such as innovation, initiative, technology, new products and the development of its business capital.
- Approve work plans in line with the desired and renewed goals of the company.
- Provide guidelines for protecting the company from illegal, abusive, or inappropriate acts or practices.
- Provide guidance for the company to ensure compliance with the law, Qatar Central Bank regulations, Memorandum of Association and Articles of Association and internal regulations; as well as the continuity and review of the company's work at least once in any twelve-month period.
- Sponsor the legal interests of shareholders, policyholders and other subscribers when making decisions.
- Disclose to subscribers, making available information, as required, to the public, creditors, investors and policyholders, and submitting financial reports to the shareholders regarding the company's business.
- Reviewing and approving the organizational structure of the Company including senior management structure and total head count on a periodic basis to ensure distinct distribution for the functions, tasks and responsibilities of the Company
- Endorse the internal controls framework and its clear functions and responsibilities.
- Approve the outsourcing policy and review it annually. The review should include procedures for assessing the feasibility of the proposed outsourcing operations and their risk on the insurance business; and the procedures of any proposed outsourcing related to the main functions and the selection criteria of the service providers.

The Board should assign a member of the senior management to be responsible for the company's compliance with the outsourcing policy.

The Board shall ensure that a plan is laid down for new Board members, outlining the Company's business and, in particular, the financial and legal aspects, in addition to any relevant training required, if necessary.

### **3.3 Key Personnel Management**

- Monitor senior management's performance and implementation of strategy.
- Appoint the CEO; define his roles and responsibilities, remuneration and formal reviews of performance. Overseeing the development of the CEO and ensuring a succession plan is in place for the CEO position.
- Set the financial authorities of senior management and delegate appropriate powers to the CEO, senior management and committees to ensure the effective day-to-day management of the business including monitoring the exercise of these responsibilities.
- Approve the corporate remuneration framework and the remuneration levels of senior executives.
- Ensure appropriate human resource systems are in place to ensure the well-being and effective contribution of all employees.
- Enter into agreements for recurring, voluntary or additional social benefits, superannuation agreements or agreements for general wage and salary increases.
- Approve remunerations of the board committee members.

### **3.4 Financial Management**

- Approve the annual and interim statutory financial statements ensuring they are correct and otherwise conform to law.
- Ensure the company's financial position is protected and is able to meet its debts and other obligations when they fall due.
- Approve major capital expenditures, major contracts, acquisitions, major investments and divestments per the approved manual of authorities.
- Approve of acquiring or selling patent rights, rights in registered trademarks, licenses or other intellectual property rights of the company.
- Review and approve the Company's annual budget and five (5) years business plan.

### **3.5 Money Laundering and Terrorist Financing**

The Board of Al Koot should ensure:

- Develop, establish and maintain effective Anti Money Laundering and Counter-Financing of Terrorism (AML/CFT) policies, procedures, systems and controls in accordance with the requirements of AML / CFT Law.
- Direct management to set up adequate screening procedures to ensure high standards when appointing or employing officers or employees.
- Identify, design, deliver and maintain through senior management an appropriate on-going AML/CFT training programme for its officers and employees.
- An adequate resourced and independent audit function to test compliance with the company's AML/CFT policies, procedures, systems and control, including sample testing.
- That regular and timely information is made available to the Board about the management of the company's money laundering and terrorist financing risks.
- That the company's AML/CFT risk management policies and methodology are appropriately documented.
- That there is a Money Laundering Reporting Officer designated to attend to the issues of money laundering and terrorist financing.
- That there is appropriate back up to the Money Laundering Reporting Officer who will be able to carry on the functions without interruption during the absence of Money Laundering Reporting Officer, including a Deputy Money Laundering Reporting Officer. The Board must ensure that if the position of Money Laundering Reporting Officer falls vacant, the company should appoint a replacement after obtaining QCB approval.
- That the company has an AML/CFT compliance culture.
- That appropriate measures are in place to account for money laundering risks and that these measures are applied in the day-to-day operations, and also in relation to the development of new products.
- That the Board determines on a regular basis what types of reports should be received by the reporting officer and when such reports should be submitted so that the Board can fulfil its responsibilities.
- That the Board shall endorse the annual report submitted by the Money Laundering Reporting Officer within a period not exceeding four (4) months from the end of the financial year subject of the annual report.
- In the event that the annual report identifies deficiencies in the company's compliance with AML / CFT law and regulations, including through the



training programs, the management must prepare for the board to approve a plan of action in order to address these deficiencies in a timely manner.

In order to comply with the Board's AML/CFT responsibilities, the management will issue an annual letter of assurance stating that all of the abovementioned requirements are implemented.

### **3.6 Reporting**

The General Assembly shall be convened at least once a year during the four months following the end of the company's financial year by an invitation from the Board of Directors or upon a request from the auditor.

The agenda of the General Assembly includes, in particular, discussing the report of the Board of Directors on the companies' activities and its financial status, the external auditor report, profit and loss account and adoption of the distributable profits. It also includes, the appointment of the external auditor, specifying such external auditor fees, and absolving the Board members from responsibility of any topics included in the agenda.

The Board has to ensure providing shareholders with timely information to be able to take decisions in the General Assembly. Also, ensure the required reporting to shareholders in accordance with appropriate regulatory requirements as set by government or regulatory bodies in Qatar.

Resolutions of the General Assembly shall be binding on the Board of Directors who must execute them immediately.

The General Assembly shall approve the dividends to be distributed to shareholders and the date of distribution thereof, after the shareholders' perusal of the distribution policy and referral thereto in the Board's report.

The results of the General Assembly shall be disclosed promptly thereafter, and the minutes of the General Assembly shall be made available to shareholders at all times.

No decision shall be taken on the following matters except by the Extraordinary General Assembly:

- Amendment of the Company's Articles of Association.
- Increase or decrease the company's capital
- Sale or mortgage of the companies' properties, or making loans, unless such acts are by nature part of the companies' objectives.

- Dissolution, liquidation, sale, merger or reformation of the company.

If the Extraordinary General Assembly shall approve any of the above matters, this shall be recorded in the commercial register.

### **3.7 Conflict of Interest**

- Ensure that a structure is in place for all functions of the company and its employees to prevent conflicts of interests within the company and ensure that the degree of this conflict is minimized if it cannot be avoided. The party concerned with a conflict of interest shall not be allowed to attend or vote.
- Adopt a general framework to resolve any identified conflict of interest which includes at least the following:
  - Refer any conflict of interest involving any employee of the company to the Chief Executive Officer (or, if the CEO is concerned with the conflict of interest, then to the Board of Directors or to the relevant Board Committee), in order to decide on an appropriate action.
  - Refer any conflict of interest involving a member of the Board of Directors to the Board of Directors or to the relevant Board Committee, in order to decide on an appropriate action.
  - The Senior Management shall submit to the Board of Directors, every 6 months, a written summary of the identified, settled or mitigated conflict of interests during the period.
  - The company shall submit to Qatar Central Bank a written annual report on any identified conflicts and the action taken to resolve each conflict or reduce its degree.
- Directors must disclose to the Board actual or potential conflicts that might reasonably be thought to exist between the interest of the Director and the interest of the company. Any such interests will be entered into the company's register of ongoing conflicts of interest maintained by the company secretary.
- Directors need to notify the company secretary in writing as soon as they become aware of any potential conflicts or changes in any of their shareholdings, which may present a conflict of interest.
- To ensure Directors have an opportunity to disclose new or amended conflicts of interest, the first agenda item for each Board meeting will be the disclosure of any conflicts of interest and conflicts of interest in relation to agenda items.
- The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot, or is unwilling to, remove a conflict

of interest, then the Director must recuse himself/herself when discussion and voting occur on matters to which the conflict relates.

- The entry and exit of the Director concerned will be minuted by the Board's Secretary.
- Directors do not have to absent themselves when either conflict of interest relates to an interest common to all members or the Board. The Board will pass a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

### **3.8 Code of Conduct:**

Directors and Key Executives of the company:

- Will act honestly, in good faith and in the best interests of the whole company
- Owe a fiduciary duty to the company as a whole.
- Have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- Will undertake diligent analysis of all proposals placed before the Board.
- Will act with a level of skill expected from directors and key executives of the company.
- Will use the powers of office for a proper purpose in the best interests of the company as a whole.
- Will demonstrate commercial reasonableness in decision-making.
- Will not make improper use of information acquired as Directors and key executives.
- Will not disclose non-public information except where disclosure is authorized or legally mandated.
- Will keep confidential, information received in the course of the exercise of their duties, and such information remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed. Except, where the person from whom the information is provided or required by law, has authorized the disclosure.
- Will not take improper advantage of the position of Director, use the position for personal gain, or compete with the company.
- Will not take advantage of company property or use such property for personal gain, or compete with the company.

- Will protect and ensure the efficient use of the companies' assets for legitimate business purposes.
- Will not allow personal interests, or the interest of any associated person, to conflict with the interests of the company.
- Have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decision of the Board.
- Will make reasonable enquiries to ensure that the company is operating efficiently, effectively and legally towards achieving its goals.
- Will not engage in conduct likely to bring discredit upon the company.
- Will encourage fair dealing by all employees with the company's customers, suppliers, competitors and other employees.
- Will encourage the reporting of unlawful/unethical behavior and actively promote ethical behavior and protection for those who report violations in good faith.
- Will give their specific expertise generously to the company.
- Have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

### **3.9 Related Party Transactions**

It is within the duties of the Board to formulate and monitor related party transaction policy in providing a statement regarding the identification of related parties, recognition of common related party transactions, and proper handling and documentation of acceptable related party activities.

- Related party for this process means: A spouse or de facto spouse of the director or officer; or a parent, son or daughter of the director or officer or their spouse or de facto spouse; or an entity over which the director or officer or a related party defined above has a substantial interest. The Board secretary will maintain a register of Related Party Transactions. Related party transactions include; any financial transaction between a director or officer and the company and will be reported in writing to each Board meeting.
- Where applications are made by a related party to a director or officer of the company, then the director or officer shall recuse himself / herself from the approval process.

#### **4. Board Structure**

The Board structure, composition and method of appointing and removing directors are detailed in the Company's Articles of Association.

##### **4.1 Role of the Chair**

- Establish the agenda for Board meetings in consultation with CEO.
- The directors shall elect a director as Deputy Chairman to act as Chairman in the Chairman's absence. In addition, the directors present may elect a Chairman, if there is no Chairman or Deputy Chairman; or neither the Chairman nor Deputy Chairman is present within 15 minutes after the time appointed for holding the director's meeting; or the Chairman and Deputy Chairman are unwilling to act as Chairman.
- Be clear on what the Board has to achieve.
- Provide guidance to other Board members about what is expected of them.
- Ensure the right matters are considered carefully and thoroughly during the meeting.
- Ensure that all directors are given the opportunity to effectively contribute.
- Ensure that the Board comes to clear decisions and resolutions are noted.
- Brief all directors in relation to issues arising at Board meetings.
- Ensure that the decisions of the Board are implemented properly with relevant progress updates.
- Ensure that the Board behaves in accordance with its Code of Conduct
- In Conjunction with the CEO, undertaking appropriate public relations activities.
- Being the principal spokesperson for the company at the annual general meeting and other formal reporting to stakeholders.
- Being the major point of contact between the Board and the CEO.
- Being kept fully informed of current events by the CEO on all matters, which may be of interest to Directors.
- Regularly reviewing with the CEO, and such other senior officers as the CEO recommends, progress on important initiatives and significant issues facing the company.
- Provide mentoring for the CEO.
- Initiate and oversee the annual CEO evaluation process.

#### **4.2 Role of the BOD Secretary**

- The Board secretary is charged with liaison between the Board and the Company's Offices for Corporate Governance/ Compliance processes.
- The Board secretary is accountable to the Board, through the Chairman, on all matters relating to organizing the board meetings and reporting the same directly to the Chairman.
- Sending to the Board members and participants - if any – the meeting invitations accompanied with the agenda at least seven (7) working days prior to the meeting specified date, and receiving members' requests to add an item or more to the agenda with submission date.
- The Board secretary is appointed and dismissed by the Board and all Directors have a right of access to the Board secretary.
- Notify the directors in writing in advance of a meeting of the Board.
- Maintain a complete set of Board papers at the company's main office.
- Preparing for and attending all annual and extraordinary general meetings of the company.
- Provide counsel on corporate governance principles and Director liability
- Maintain the Register of Ongoing Conflicts of Interest and the Register of Related Party transactions.
- Maintain a Register of Company Policies as approved by the Board.
- Maintain, updating and ensuring that all directors have an up-to-date copy of the Board Charter and associated governance documentation.
- Maintain the complete list of the Delegations of Authority.
- Report at each Board meeting the documents executed under a power of attorney.
- Prepare and distributing minutes of meetings (Arabic & English).
- Keep log of BOD resolutions and perform follow-up to ensure implementation or actions.
- The Secretary is responsible for providing orientation material and scheduling orientation sessions for the new Board members.
- Any other services the Chairman or Board may require.

#### **5. Board Meetings**

- The Board will meet no less than four times per year and as required at places to be agreed.
- Committees will generally meet on quarterly basis, unless otherwise agreed.

- Where Board and Committee meetings are scheduled for the same month, where possible, Committee meetings will precede the Board meeting by at least one week to allow the circulation of the minutes of the Committee meeting prior to the Board meeting.
- Where a quorum cannot be established, the Chairman may call a general meeting to deal with the matter of reinstating a quorum to ensure ongoing business.
- If there is an equality of votes, the Chairman will have a casting vote in addition to his/her deliberative vote.
- The Directors may pass a resolution without a Director's meeting being held if all the Directors entitled to vote on the resolution sign a document containing a statement that they are in favor of the resolution set out in the document. The minutes of Directors' meetings must record that a meeting was held by way of written resolution.

## **6. Committees of the Board**

The Board will establish board committees as required. The committees will be as follows:

- Audit Committee
- Risk Committee
- Compensation and Remuneration Committee
- Investment Committee

The Board will appoint Committee Chairs from among the Board members and have the prerogative to appoint external independent consultants to be the remaining members of these Committees. It is expected that, each Board member will serve on at least two Board Committees.

Ad hoc committees of the Board may be appointed from time to time to address particular issues, such as selecting program leaders or other senior personnel.

Committee charters shall be approved by resolution of the Board.

## **7. Delegation of the Board**

The Board delegates to the CEO authority as per the Delegation of Authority approved by the Board.

The Board delegates the responsibilities for Money Laundering and Terrorism Financing (*as mentioned in 3.5*) to the Audit Committee.

The Board also delegates the responsibility of compliance with QCB requirements to the Audit Committee.

#### **8. Protocol for Media Contact and Comment**

The Board has designated the CEO or the Chairman (where appropriate) to speak to the press on matters associated with the Company.

The Chairman is authorized to comment on:

- Annual results at the time of the release of the annual report.
- Resolutions to be presented at General meetings of the company.
- Changes in directors, any matter related to the composition of the Board or Board processes.
- Any speculation concerning Board meetings or the outcomes of Board meetings.
- Other non-operational matters considered to be of importance to the Company.

#### **9. Hospitality and Gifts**

While the company recognizes the need from time to time to give or accept customary business courtesies in accordance with ethical business practices, Directors and officers will not solicit such courtesies and will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, the Directors' and Officers' conduct in representing the Company.

#### **10. Director Reimbursement of Expenses**

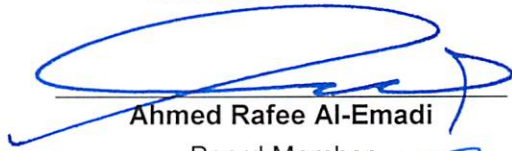
Directors' travel, accommodation and expense reimbursement entitlements will be the same as those of senior management, and will be covered in the company's relevant Policies and Procedures.



Approved by the Board of Directors:



**Abdulrahman Ali Al Abdulla**  
Chairman of the Board



**Ahmed Rafee Al-Emadi**  
Board Member



**Noor Ahmad Al Sulaiti**  
Board Member



**Ahmed Mohammed Darwish**  
Vice-Chairman



**Hamad Ali Al-Khater**  
Board Member



**Osman Hag Musa**  
Board Secretary