



Aamal Company Q.P.S.C.

Nomination and Remuneration Committee Charter

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INTRODUCTION

1 Introduction

- 1.1 The Nomination and Remuneration Committee (**'NRC'** or the **'committee'**) of Aamal Company Q.P.S.C. (**'Aamal'** or the **'company'**) was established to address specific matters delegated to it by the board of directors (the **'board'**), make recommendations relating to these and make decisions based on the authority specifically delegated by the board, as set out in this Nomination and Remuneration Committee Charter (the **'charter'**).
- 1.2 The committee shall identify, select and recommend board members' appointments and renomination for election by the General Assembly. The committee shall regularly review the structure, size and composition (including the skills, knowledge and experience) required of the board and board committees compared to its current position and make recommendations to the board with regard to any changes.
- 1.3 The Committee must also assist the Board of Directors in linking performance to compensation, taking into account all types of risks to which the company is exposed to when determining compensation, so as to balance the profits achieved with the degree of risk associated with the company's activities. The Committee must also review the compensation plan on a regular basis and make recommendations to the Board of Directors regarding any changes.
- 1.4 This charter constitutes the committee's corporate values and includes internal policies and procedures which are binding upon the committee members and sets out the membership, responsibilities, principles and operation of the committee.
- 1.5 This charter must be read in conjunction with other governance documents.

2 Complementary to law and articles

- 2.1 The committee charter has been drafted to comply with the provisions of the company's Articles of Association and Memorandum of Association (together, the **'Articles of Association'** or **'AoA'**). The provisions of the committee charter are complementary to the provisions governing the relationship between the board and the committee, as contained in the Board Charter and the Provisions of the Governance Code for Companies and Legal Entities Listed in the Main Market (the **'code'**) issued by the Qatar Financial Markets Authority (**'QFMA'** or **'authority'**).

3 Charter online

- 3.1 This charter and the composition of the committee is posted on the company's website.

CHAPTER I: COMPOSITION OF THE COMMITTEE AND POSITIONS

1 Size, expertise and independence

1.1 Number of members

- 1.1.1 The committee shall have at least three (3) committee members.

1.2 General composition

- 1.2.1 Preferably, if possible, the committee chair should be an independent director. Preferably, if possible, the majority of the committee members should be independent directors as well.
- 1.2.2 The chairman of the board, the chairman of the Audit Committee, and the members of the audit committee shall not be members of the NRC.
- 1.2.3 The chairman of the NRC shall not chair of another committee composed by the board.

2 Appointment, reappointment and removal

2.1 Appointment by the board

- 2.1.1 The board appoints its committee members for 3 years.
- 2.1.2 The appointment will be coterminous with the director's term of appointment.

2.2 Reappointment

- 2.2.1 Before recommending a member of the committee for reappointment, the board must carefully consider his/her past performance on the committee.

2.3 Removal

- 2.3.1 The board may appoint such additional directors to the committee, or remove and replace members of the committee by resolution.
- 2.3.2 The removal of a committee member shall be as per the provisions of the Board Charter.
- 2.3.3 Members may withdraw from membership by written notification to the board.
- 2.3.4 If a member is removed from the board, he/she will be deemed removed from the committee.

3 Chairman of the committee (chairman)

- 3.1 The committee members must elect one of their members as chair. As mentioned above, the committee shall be chaired by an independent board member.

4 Secretary

- 4.1 The board secretary acts as the secretary to the committee. The terms of reference, qualifications and responsibilities of the secretary have been specified in the Terms of Reference for the Board Secretary.

CHAPTER II: COMMITTEE MEETINGS AND DECISION-MAKING

1 Frequency, notice, agenda and venue of meetings

1.1 Frequency

- 1.1.1 The committee shall meet as often as necessary, provided that the number of meetings is no fewer than four per year.

1.2 Notice and agenda

- 1.2.1 Meetings of the committee are called by the chairman. The chairman may call the committee for a meeting upon the request of any of its members.
- 1.2.2 The invitation for a meeting, accompanied by the agenda, shall be sent to all committee members at least 1 week before the meeting. Each committee member has the right to request one or more item(s), to be placed on the agenda.

1.3 Venue

- 1.3.1 Committee meetings are generally held at the offices of the company, but may also take place elsewhere. In addition, meetings of the committee may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

2 Attendance of, and admittance to, meetings

2.1 Attendance by non-members

- 2.1.1 The admission to a meeting of persons other than committee members, the CEO and (if invited) other directors shall be decided by the majority vote of the committee members present at the meeting.

2.2 Delegation

- 2.2.1 An absent member may, by documented request, delegate any other committee member to represent it in attendance and voting. A committee member cannot represent more than one member.

2.3 Undue absence

- 2.3.1 A committee member shall be deemed as resigned from post if the member is absent from attending three consecutive meetings or four non-consecutive meetings without an excuse acceptable to the committee.

3 Decision-making within the committee

3.1 Individual vote

- 3.1.1 Each committee member has the right to cast one vote.

3.2 Quorum and majority vote

- 3.2.1 A committee meeting shall be deemed valid if attended by the majority of the members, provided that the chairman attends the meeting.
- 3.2.2 The committee shall pass its decisions by majority vote of attendees and representatives. In the event of a tie, the chairman of the committee has the deciding vote.

3.3 Urgent/necessary procedures

- 3.3.1 The committee, if necessary or urgent, may issue resolutions by circulation.
- 3.3.2 Unanimous approval for resolutions shall be obtained from all the members. The resolution in question shall be ratified at the next committee meeting and its content shall be included in the minutes of meeting.

3.4 Minutes

- 3.4.1 Minutes shall be drawn up for every committee meeting and for every resolution adopted outside a meeting, and then circulated within 10 working days after the meeting, for comments and approval by the members. The minutes are to be signed by the chairman of the meeting and the secretary, then added to the company's records. If there is any member who does not agree on any decision made by the committee, he/she may prove his/her objection in the meeting minutes.
- 3.4.2 The minutes of meetings shall include the names of the attending and absent members, as well as the meeting discussions and the vote details for each resolution.
- 3.4.3 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 3.4.4 All minutes of the committee will be open at all times for inspection by any director.

CHAPTER III: RESPONSIBILITIES AND DUTIES

1 Duties regarding nomination of board members and executive management

The committee shall identify, select and recommend nominees for appointments and re-nomination to the board for election by the General Assembly and nominating those whom it deems fit to fill any job of the senior executive management.

1.1 Nomination of board members

The committee is responsible for:

- 1.1.1 Developing formal, rigorous and transparent procedures used by the General Assembly members to elect the fittest among the candidates for board membership. The Nomination Policy shall be presented to the shareholders in the General Assembly for approval. The committee shall ensure that the Nomination Policy is published on the website.
- 1.1.2 Receiving candidacy requests for the board membership and identifying and nominating for the approval of the board, candidates to fill board vacancies. This will then be submitted for approval to the General Assembly. The committee shall send each candidate's curriculum vitae and original copies of candidacy requirements to the authority at least 2 weeks before the date specified for election.
- 1.1.3 Ensuring that 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 shall be based on the 'Fit and proper guidelines' for nomination of board members, as described in the Nomination Policy. Evidence of the process shall be maintained.
- 1.1.4 Ensuring that candidates shall be considered on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- 1.1.5 Ensuring that, upon appointment to the board, directors receive a formal 'Director's Letter of Appointment' clearly outlining what is expected of them in terms of time commitment, committee service (if appropriate) and involvement outside board meetings (**Appendix I**).
- 1.1.6 Regularly reviewing the structure, size and composition (including the skills, knowledge and experience) required of the board and board committees compared to its current position, and make recommendations to the board with regard to any changes.
- 1.1.7 Carefully considering his/her past performance on the board before recommending a member of the board for reappointment.
- 1.1.8 Ensuring that a nomination or recommendation to the General Assembly for a candidate for the board states:
 - the candidate's age
 - his/her profession
 - the amount and nature of any shares held in the company
 - any convictions for any crimes involving dishonesty, fraud or breach of trust
 - the positions he/she holds, or has held in the past 5 years (including memberships on any board of directors or executive committees)
 - any other information relevant to assess his/her suitability as a member of the board
 - state the reasons for the nomination or recommendation.
- 1.1.9 Nominating a representative of Aamal for the board of another company, if requested by the board.

1.2 Nomination of executive management

The committee is responsible for:

- 1.2.1 Nominating whom it deems fit to fill any job of the senior executive management.
- 1.2.2 Actively liaising with the relevant departments of the company to study the requirement for executive management personnel, and producing a written document in relation to this.
- 1.2.3 Conducting a wide-ranging search for candidates for the positions of employees within the company, and on the human resources market.
- 1.2.4 Compiling the professional, academic qualifications, professional titles, detailed work experience and all concurrently held positions of the candidates as a written document.
- 1.2.5 Convening a meeting of the committee to examine the qualifications of the candidates on the basis of the conditions for appointment of employees.
- 1.2.6 Submitting the recommendations of, and relevant information on, the relevant candidate(s) to the Executive Committee if existent and the board before the selection of employees.
- 1.2.7 Carrying out other follow-up tasks based on the decisions of, and feedback from, the Executive Committee if existent and the board.

1.3 Others

The committee is responsible for:

- 1.3.1 Reviewing the structure and composition of the board, on an annual basis at least, and making recommendations to the board to complement its corporate strategy.
- 1.3.2 Assessing the independence of independent non-executive directors, on an annual basis at least, by taking into account the interests disclosed by each director and other relevant information.

2 Duties regarding succession planning

- 2.1 The committee shall develop a draft of succession plans and make recommendations to the board regarding plans for succession of directors and executive management, taking into account the challenges and opportunities facing the company, and the skills and expertise that are needed in the future. This plan shall be reviewed on a regular basis.

3 Duties regarding remuneration

3.1 Annual Remuneration Policy

- 3.1.1 The committee shall recommend to the board, the company's Annual Remuneration Policy. This Policy shall include the way of identifying the remuneration to be paid to the chairman and other executive, non-executive and independent board members.
- 3.1.2 The committee shall set the foundations of granting allowances and incentives in the company, including issuance of incentive shares for its employees, if applicable, and recommend to the board the remuneration payable to the executive management.
- 3.1.3 The committee shall consider the compensation payable to directors and senior management in connection with any loss or termination of office and the compensation arrangements relating to dismissal or removal of directors, e.g. for misconduct.
- 3.1.4 The committee shall ensure that remuneration packages are set at levels that attract and retain talent, taking into account the responsibilities and scope of the functions of the board members and the executive management, as well as the long-term performance of the company. The committee might use the services of external consultants for salaries surveys.
- 3.1.5 The committee shall ensure that no director or any of his/her associates are involved in deciding his/her own remuneration.
- 3.1.6 Remuneration for board members:
- 3.1.6.1 If the company distributes dividends to shareholders, the following must be applied:
- The board members' annual remuneration shall not exceed 5 percent of the company's net profit after deduction of reserves, legal deductions, and distribution of the dividends (in cash and in kind) to shareholders.
- 3.1.6.2 If the company did not distribute dividends to shareholders for the year, a maximum lump sum amount can be distributed to the members of the Board of Directors in accordance with the following guidelines:
- Firstly, If the company recorded profits for the year and did not distribute profits to shareholders, or distributed profits to shareholders less than 5% of the company's capital, the maximum lump sum amount shall be as follows:
 - For the Chairman of the Board of Directors, a maximum lump sum of QAR 125,000.
 - For members of the Board of Directors, a maximum lump sum of QAR 100,000 per member.
 - Secondly, If the company does not make profits, the maximum lump sum amount is as follows:
 - For the Chairman of the Board of Directors, a maximum lump sum of QAR 75,000.
 - For members of the Board of Directors, a maximum lump sum of QAR 75,000 per member.
- 3.1.6.3 In all cases, the Company's Articles of Association must stipulate that a lump sum may be distributed to shareholder with accordance with the above guidelines and must be approved by the General Assembly as well as obtaining any necessary approvals from other authorities, subject to any controls stipulated by any of the regulatory bodies to which the Company is subject.
- 3.1.7 The Annual Remuneration Policy for the next financial year shall be submitted to the General Assembly for its approval. Any change to the Remuneration Policy shall also be submitted to the General Assembly for its approval.

3.2 Annual Remuneration Report

- 3.2.1 The committee shall annually prepare a remuneration report setting out the compensation policies and activities of the past year and an overview of the Annual Remuneration Policy and planned activities for the next financial year and subsequent years. The Annual Remuneration Report will differentiate between executive and non-executive remuneration.

3.3 Extraordinary compensation

- 3.3.1 If a board member or former board member is paid special compensation during any financial year, an explanation of this compensation shall be included in the remuneration report. The remuneration report shall detail and explain any compensation paid or promised as severance pay to a board member.

4 Duties regarding the performance evaluation of the board

- 4.1 The board performance evaluation, as well as the committees' performance evaluation process will be led by the NRC, supported by the board secretary, who will report the results to the board. The committee is then responsible for:
- 4.1.1 Developing a process for evaluating the performance of the board, its committees and the senior executive management.
- 4.1.2 Conducting an annual assessment of the board and committees performance to identify the strengths and weaknesses.
- 4.1.3 Submit an annual report to the board, including a comprehensive analysis of the board performance.

5 Duties regarding the members and self-assessment

5.1 Duties of committee members

- 5.1.1 The committee members shall act in good faith, exercise diligence and care, speak out and be loyal to the company.
- 5.1.2 In all cases, the committee members shall comply with the following:
- Preparing for, and attending, meetings of the committee regularly, and not withdrawing from the committee except when scheduled.
 - Prioritizing the interest of the company, shareholders and all stakeholders over their own interest.
 - Using their diversified skills and experience, with diversified specialties and qualifications, to ensure the effective and productive management of the company, and working to achieve the interests of the company, partners, shareholders and other stakeholders.
 - Refraining from providing any statements, data or information, without prior documented permission from the chairman.
- 5.1.3 The committee members, at the company's expense, may request the opinion of an independent external consultant in issues relating to any of the committee's affairs.

5.2 Committee self-assessment

- 5.2.1 At least once a year, the committee shall discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the committee.

6 Duties regarding reporting to the board

- 6.1 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.2 The activities, terms of reference and memberships of the committee, number of committee meetings held and attendance over the course of the year, will be disclosed in the Annual Report to be submitted by the committee to the board. The Annual Report shall include:
- The names and qualifications of all members of the committee during the period.
 - The number of committee meetings and the attendance record of each of the members.
 - A brief review report on the manner in which the committee has discharged its responsibilities.
 - The findings, recommendations and actions initiated by the committee during the year.

CHAPTER IV: OTHER PROVISIONS

1 Access to information

- 1.1 The NRC shall have unrestricted access to relevant management, employees, and information and investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the company.
- 1.2 The committee shall have access to adequate internal and external resources, on any matters within its charter.

2 Confidentiality

2.1 Duty to keep information confidential

- 2.1.1 Unless required to do so by law, no committee member shall, during his/her membership on the committee or afterwards, disclose any information of a confidential nature regarding the business of the company and/or any companies in which it holds a stake, that came to his/her knowledge in the capacity of his/her work for the company and which he/she knows, or shall know to be of, a confidential nature.
- 2.1.2 A committee member may disclose such information to fellow committee members, as well as co-staff members of the company and companies in which the company holds a stake who, in view of their activities for the company and companies in which the company holds a stake, shall be informed of the information. A committee member shall not use such confidential information for his/her personal benefit.

2.2 Return of confidential information

- 2.2.1 At the end of each committee member's term of office, he/she shall return all confidential documents in his/her possession to the company, or guarantee their disposal in a manner that ensures confidentiality is preserved.

2.3 Notice of disclosure

- 2.3.1 If a committee member intends to disclose to third parties, information which he/she has become aware of in his/her duties and which may be confidential, he/she must inform the chairman of his/her intent and the identity of the person who is to receive the information, with sufficient notice for the chairman to assess the situation and advise the committee member. This section applies to both official and personal statements and to any person attending committee meetings which, in terms of their content and form, are clearly only intended for the committee.

3 Miscellaneous

3.1 Acceptance by committee members

- 3.1.1 Anyone who is appointed as a committee member shall, upon assuming office, declare in writing to the company that he/she accepts and agrees to comply with the provisions of this charter. A corresponding reference to this extent is included in the 'Director's Letter of Appointment' (refer to the 'Director's Letter of Appointment').

3.2 Board responsibility for committee action

- 3.2.1 The board remains collectively responsible for the decisions and actions taken by any of the committees. A committee may only perform the tasks delegated to it by the board and may not exceed the authority or powers of the board as a whole. Decisions that, by law, must be made by the board may not be delegated to a committee.

3.3 Compensation of committee members

3.3.1 Compensation related to committee membership shall be as per the Remuneration Policy and the Director's Letter of Appointment.

3.4 **Amendment**

3.4.1 This charter shall be reviewed on a regular basis, or at least every 3 years.

3.5 **Interpretation**

3.5.1 In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the chairman of the committee shall be decisive.

3.6 **Partial invalidity**

3.6.1 If one or more provisions of this charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The committee may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this charter is, to the greatest extent possible, similar to that of the invalid provisions.

APPENDIX I: DIRECTOR'S LETTER OF APPOINTMENT (SAMPLE)

XX/XX/20XX

[Name of
director]

[Address]

[Mobile number]

[Email address]

Dear [Name of director],

Appointment to Aamal's board of directors

Aamal company Q.P.S.C. is proud to have appointed you as part of its board of directors in the Annual General Assembly Meeting as of XX/XX/20XX as an (executive/non-executive/independent) director.

This letter sets out the key terms of your appointment.

Term of appointment

Your appointment to the board will be coterminous with the director's term of appointment.

Your role and responsibility

Your roles and responsibilities are set out in Aamal's Board Charter. The Corporate Governance Framework is attached for your review and acknowledgment, indicating that you have understood and will abide by the requirements therein.

Commitments

You are expected to exercise your duties and responsibilities with reasonable care and diligence, act in good faith in the best interests of the company and apply independent judgment in the exercising of your powers.

You shall avoid conflicts between your duties to Aamal and your personal interests, and observe standards of good corporate governance.

You are also expected to prepare for, and attend all meetings, except in exceptional circumstances.

If you have been appointed as independent director, you will be expected to comply with the definition of an independent director as mentioned in the board charter, during your appointment period. In case, an independence matter occurs during that period, you are expected to report the issue without delay to the chairman and the board secretary.

Board committees

You may be appointed as a member of the board committees upon your commencement as a director as of XX/XX/20XX. Board committees' appointment will coterminous with the director's term of appointment.

Conflict of interest

By accepting this appointment you will be deemed to have confirmed that any other position you hold, including your directorships in other organizations shall not give rise to any conflict of interest in relation to your appointment as director of the company. Should you become aware of any conflict or potential conflict during your appointment, you are expected to notify the chairman and the board secretary.

Remuneration

You will be paid such remuneration as may be determined by a resolution of the General Assembly, and will be based on the following:

1. Remuneration will reflect the time commitment and responsibilities of your role, remuneration is based on actual attendance at board meetings:
 - Board member remuneration per board meeting: QAR XXX per meeting.
 - Independent board member remuneration per board meeting: QAR XXX per meeting.
 - Board committee membership: QAR XXX per meeting.
2. Additional remuneration can be paid based on incentive/bonuses schemes recommended by the board and approved by the General Assembly.
3. You will be entitled to reimbursement of expenses incurred by you in connection with attending the board meetings, board committee meetings, general meetings and in relation to the business of the company towards hotel accommodation, travelling and other out of pocket expenses.

Directors and officers liability insurance *(if applicable)*

You will be provided with directors and officers liability insurance (**D&O**) so you can serve as supervisors and managers of the company without fear of personal financial loss. This D&O will represent an indemnification (reimbursement) for losses or advancement of defense costs, in the event you suffer such a loss as a result of a legal action brought for alleged wrongful acts, omissions or misstatements in your capacity as director. Intentional illegal acts, criminal fraud or illegal profits will not be covered under the D&O.

Access to information and advice

You will have unrestricted access (subject to conflicts of interest) to company records and information, and receive regular detailed financial and operational reports from the CEO.

Independent professional advice is available to you as a board member, at Aamal's cost, to help you carry out your responsibilities. While the chairman's prior approval is needed, it will not be unreasonably withheld.

Induction training and continuing education

New members will receive induction upon joining the board, to ensure you and other board members are updated with the adequate skills and knowledge necessary to efficiently and effectively oversee Aamal.

Disclosure of interest

Please complete the attached 'Independence and Conflict of Interest Declaration' and return it within 5 working days.

Confidentiality

All information acquired during your tenure of directorship is confidential and shall not be disclosed, either during your tenure or following termination (by whatever means) to third parties without prior clearance from the chairman, unless required by law or by the rules of any stock exchange or regulatory body. In the latter case, you would be required to suitably inform the chairman of such an event or disclosure. You shall direct any media queries or approaches to the appropriate spokesperson within the company. Following a reasonable request, you shall surrender any documents and other materials made available to you by the company.

I very much look forward to welcoming you to Aamal's board.

Yours sincerely,

[XXX]

Chairman