

# **Qatar Insurance Company**

## **Q.S.P.C**

### **NOMINATION AND REMUNERATION COMMITTEE**

#### **TERMS OF REFERENCE (TOR)**

#### **1) MAIN ROLES & RESPONSIBILITIES**

##### **A. NOMINATION**

1. Developing general principles and criteria to be used by the General Assembly members to elect the fittest among the candidates for Board membership.
2. Receiving candidacy requests for the Board membership.
3. Identify and nominate new Board member candidates that demonstrate the ability and oversight to make sound decisions on behalf of the Company and its shareholders and submit the list of Board membership candidates to the Board, including its recommendations.
4. Facilitate the evaluation of the performance of the Board members.
5. Ensure that nominations take into account the candidates sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge, experience, qualifications and regulatory guidelines.
6. Developing succession plan for managing the Company to ensure that suitable alternative are available on a timely basis.
7. Exercise the authority, if need be, to retain and terminate any search firm to be used to identify the candidates for the Board, including authority to approve the search firm's fees and other retention terms.

##### **B. REMUNERATION**

1. Develop a remuneration policy for the Company in line with regulatory requirements.
2. Obtain Board approval on the remuneration policy and present it to the General Assembly for ratification through the Board.
3. Review the Board members remuneration to be in line with regulatory guidelines.



4. Review and approve any mandatory disclosure of management compensation.
5. Review the compensation and incentives and determine whether the same is in accordance with the remuneration policy.
6. Setting the structure of granting allowances and incentives in the Company, including issuance of incentive shares for its employees.

## 2) Reporting and other miscellaneous responsibilities:

1. Report annually to the shareholders describing the committee's composition, role and responsibilities etc.
2. Submits annual report to the Board on the Committee activities.
3. Review the Committee's Terms of Reference and recommend to the Board any changes, where applicable.
4. Conduct self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Terms of Reference.
5. Ensure adequate orientation and training to all Committee Members to conduct their duties as and when required.
6. To consider any other issue/additional activities as may be determined by the Board.
7. Report to the Board on Committee findings, recommendations and any other matters the Committee deems appropriate or the Board requests.

## 3) Nomination:

- The Board shall appoint Members to the Nomination and Remuneration Committee based on the available pool of members from the Board.

## 4) Quorum:

- Majority of Members.

## 5) Meetings:

- Meeting may also be called upon at any time upon request from the Committee Chairman when deemed necessary.



#### 6) Decision Making:

- Majority consent, the Committee Chairman's vote decides in case of any ties.

#### 7) Tenure of the Committee:

1. Membership to the Committee will run concurrently with the term spent on the Board and will be for a period as approved by the Board.
2. For Board Members, valid membership of the Board is a pre-requisite to membership in the Committee.
3. Absenting from consecutive three meetings may result in expiry of membership unless request for absence is agreed by the Chairman.

#### 8) Notice of Meeting:

- One working week

#### 9) Sitting Fees & Annual Fees:

- As approved by the Board

#### 10) Minutes:

1. The Committee Secretary records the meeting discussions and decisions and circulates the minutes of each meeting for review of the Members.
2. The minutes are signed by the Members in subsequent meeting.
3. The minutes of meeting shall be kept by the Secretary and shall be open for inspection by any director of the Company's Board.

#### 11) Secretary:

Committee Secretary will be appointed by the Members. The Committee Secretary maintains committee records, distributes agenda and arranges for Committee meetings in addition to any other responsibility as may be required by the Committee.



## Qatar Insurance Company

### Q.S.P.C

## Related Parties Transactions Policy

### Definitions

Term	Definition
<b>Regulatory Authority</b>	Applicable regulatory authority or Supervisor e.g. QCB in the State of Qatar and/or QFCRA in Qatar Financial Centre
<b>QCB</b>	Qatar Central Bank
<b>QFCRA</b>	Qatar Financial Centre Regulatory Authority
<b>Company</b>	Company means Qatar Insurance Company
<b>Group</b>	Qatar Insurance Company together with its subsidiaries
<b>GCRO</b>	Group Chief Risk Officer
<b>BOD</b>	Board of Directors
<b>BU</b>	Business Unit
<b>GCEO</b>	Group Chief Executive Officer
<b>SOP</b>	Standard Operating Procedures
<b>HOC</b>	Head of Compliance
<b>SLA</b>	Service Level Agreements
<b>Governing Body (GB)</b>	<p>Governing Body means Board of Directors (BOD)</p> <p>The term Governing Body, Independent Director, Executive Director, Non-executive Director, Managing Director, Chairman, Senior Executive Functionary, CEO, Senior Management, Shareholders Agreement, Secretary, used herein above and hereinafter shall carry the same meaning as assigned to it by the applicable Regulator under which the Group-Entity operates by virtue of its license or by virtue of it being a listed company or the Local Commercial Law if not defined by the Regulator and if not so defined in the Local Law then as per Generally understood definition in the industry.</p>





Term	Definition
<b>Misconduct:</b>	<p>Generally misconduct committed is a violation of law, rules, and regulations and/or relates to, or is a direct threat to, public interest, fraud, health, safety violations, and corruption.</p> <p>A few examples are the following:</p> <ul style="list-style-type: none"><li>a) Financial or non-financial mal-administration or malpractice or impropriety;</li><li>b) Misconduct: Academic or professional malpractice (intentional misconduct, fraud or deceit against 'Company') and criminal offence;</li><li>c) Improper conduct or unethical behaviour; and</li><li>d) Attempts to suppress or conceal information relating to any of the above.</li></ul>
<b>Related Party</b>  (QFMA 1)  (IAS 24)	<p>A related party is considered a Related Party to the Company if:</p> <ul style="list-style-type: none"><li>a) That person is a Board member of the Company or a company of its group</li><li>b) is a Member of the Senior Executive Management of the Company or any company of its group;</li><li>c) owns at least (5%) of the Company shares or any of its group; or is a relative of any of the former mentioned to the second degree.</li><li>d) It also includes the legal persons controlled by a member of the Board of the Company or any company of its group or of Senior Executive Management and their relatives to the second degree, or that participated in a project or a partnership of any kind with the Company or any company of its group.</li><li>e) A person or a close member of that person's family is related to a reporting entity if that person:<ul style="list-style-type: none"><li>(i) has control or joint control of the reporting entity;</li></ul></li></ul>



Term	Definition
	<p>(ii) has significant influence over the reporting entity; or</p> <p>(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.</p> <p>f) An entity is related to a reporting entity if any of the following conditions applies:</p> <p>(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).</p> <p>(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).</p> <p>(iii) Both entities are joint ventures of the same third party.</p> <p>(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.</p> <p>(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.</p> <p>(vi) The entity is controlled or jointly controlled by a person identified in (a).</p> <p>(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).</p> <p>(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.</p>

Term	Definition
<b>Related Party transaction</b>	A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
<b>Close members of the family of a person</b>	are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: <ul style="list-style-type: none"> <li>(a) that person's children and spouse or domestic partner;</li> <li>(b) children of that person's spouse or domestic partner; and</li> <li>(c) dependants of that person or that person's spouse or domestic Partner.</li> </ul>

**1. Scope:**

- 1.1. This policy is applicable to the BOD of the Company.
- 1.2. The responsibility in relation to the subsidiaries of the Company, the BOD has assigned the responsibility to the BOD of its subsidiaries to oversee the activities/ operations and plans of the concerned subsidiary and report on the same to the BOD.

**2. Purpose:**

- 2.1. The purpose of this Policy is to provide guidance in relation to Related Party Transactions, approval requirements and proper documentation of such transactions in accordance with the requirements of the Regulatory Authority and laws and regulations..

**3. Scope:**

- 3.1. It is within the duties of the BOD to formulate and monitor this policy in providing a statement regarding the identification of related parties/affiliates, recognizing of common related party/affiliate transactions, and the proper handling and documentation of acceptable related party/affiliate activities.

**4. Responsibility**

- 4.1. All roles and responsibilities mentioned within this policy shall be performed by the related functions taking into consideration the Authorities Manual.



4.2. The Policy is owned by the Board of Directors (BOD) and delegated to the Group Governance, Risk and Compliance Department (GRC). The Group Chief Risk Officer Shall be responsible on delegated authority for the production and maintenance, and shall ensure that it is reviewed at least once a year. The GRC is also responsible for communication, implementation and monitoring of the Policy.

4.3. The Group Head of Compliance is responsible to ensure compliance to the Policy.

## 5. Guiding Principles

5.1. 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 Related Party Policy.

5.2. Whenever an issue involving conflict of interests or any commercial transaction with any of its BOD Members or any Party related to the BOD Member, is discussed in a BOD Meeting, the issue shall be discussed in the absence of the concerned BOD Member who shall also 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 Group (QFMA CG Code, Article 27).

5.3. In any event, such transactions shall be disclosed in the annual report and specifically referred to in the General Assembly following such commercial transactions (QFMA CG Code, Article 27).

## 6. General Standard Statements

6.1. The BOD members shall disclose dealing and transactions which the Company enters into with any Related Party and in which such Related Party has an interest that may conflict with the Company's interest. (QFMA 26)

6.2. All Related Party Transactions must serve the Company's interest. (QFMA 27)

6.3. All Related Party Transactions shall be made according the market practices and on Arm's length basis and shall not involve terms that are contrary to the Company's interest. (QFMA 26)

6.4. The Company may periodically provide the Regulatory Authority with information relating to its structure and financial position and of its parent/Shareholders, for the assessment of significant related party transactions





- 6.5. The Company will ensure that no related party transactions are undertaken which are Not in the best interest. (QFMA 27)
- 6.6. A series of connected transactions between the Company and a related party, or Between the Company and parties who are related to each other, is deemed to constitute a single transaction. (QFMA 1)
- 6.7. The Company will ensure that transactions it enters into with related parties comply with the following conditions: (QFMA 27)
- Be entered into on an 'arm's length' basis;
  - The terms of the transactions must be fair and reasonable; and
  - Clearly and accurately detail the transaction in the books, accounts and Records of Company and disclose the nature and details of the transactions including any accounting information necessary to support the fairness and reasonableness of the terms and conditions of the transactions.

## 7. Authority

- 7.1. All transactions with Related Parties/Affiliates require the prior approval of the Group President & CEO and for that transaction related to the Group President & CEO the authority vests with the MD of the Company.
- 7.2. Authorization of decision to transact with Related Parties is taken independent of such Related Parties. Pricing policies and terms of these transactions are approved at Appropriate management level and are negotiated under normal commercial terms.
- 7.3. The Authority may provide a blanket approval to deal with a Related Party/Affiliates for all future transaction or subject to complying with certain conditions specified by him or Individually approve each such transactions/contract as may be deemed fit by him.

## 8. Materiality & Types of Transactions

8.1. The BOD will determine from time to time the transactions which are of material nature that needs reference to them in order to ensure that risks arising out of carrying such Transactions are within the tolerance limit decided by the BOD. For instance in the following cases BOD may be guided by stipulations made by the Regulatory Authority based on which the risk taking appetite of Company is arrived.

- Single transaction or series of connected transactions that constitute a sale Purchase, exchange, loan or extension of credit, investment or guarantee below the determined risk limit as at the end of the reporting period immediately preceding the effective date of the transaction will not normally be considered material for the purposes of related party/ affiliate transactions.

- b) Company will not enter into a transaction of the types described below, unless the Governing Body is satisfied following reasonable enquiry that the transaction does not adversely affect Company's interests. Transactions include:
- i. A sale, purchase, exchange, financing or extension of credit, guarantee or investment where the amount of the transaction, as at the end of the reporting period immediately preceding the transaction, equals or exceed the determined risk limit;
  - ii. Financing or extension of credit to any individual who is not related to Company, where Company makes the financing or extension of credit with the agreement or understanding that the proceeds of the transaction, in whole or in substantial part, are to be used to make financing or extensions of credit to purchase assets of, or to make investments in, any related party/ affiliate of Company making the financing or extensions of credit, where the amount of the transaction, as at the end of the reporting period immediately preceding the transaction, equals or exceeds the determined risk limit.;
  - iii. A (re)insurance agreement or modification to a (re)insurance agreement in which the re-insurance premium or a change in the Company's liabilities equals or exceed the determined risk limit ; and
  - iv. A (re)insurance agreement or modification to a (re)insurance agreement involving the transfer of assets from Company to a person not related to the Company, if an agreement or understanding exists between the Company and the person that any portion of the assets will be transferred to one or more other persons related to Company and the re-insurance premium or a change in Company's liabilities equals or exceed the determined risk limit.
- c) Any management agreement for managing another company or a Group- Entity.

## 9. Reporting of Related Party/ Affiliate Transactions

- 9.1. In the event that a Related Party/Affiliate transaction is contemplated, the transaction should immediately be discussed with Company's CEO to be raised later on with the Group President & CEO. Details of the proposed transaction to be discussed include:



- a) The identification of the related party/affiliate and the affiliation to Company;
  - b) The nature of the proposed transaction and the amount of the transaction;
  - c) Supporting evidence to support the arm's length nature of the proposed transaction including the terms and manner of settlement had the parties not been related; and
  - d) The anticipated impact on Company's financial statements and disclosure.
- 9.2. In no event should a related party/ affiliate transaction be entered into without prior written consent of the Group President & CEO or a delegated committee after discussion with the CEO.
- 9.3. The CEO is responsible for discussing and attaining required approvals as per the Policy.
- 9.4. The Board must disclose details of the Related Party Transactions to the Shareholders at least one week from the date of the General Assembly meeting. (QFMA 26). The concerned Related Party shall not attend the Board meeting while discussing the specific Related Party Transaction (QFMA 27)
- 9.5. The Related Party Transactions must be disclose in the Company's annual report. (QFMA 26)

#### 10. Accounting Implications

- 10.1. The existence of related party/affiliate transactions may have a significant effect on Company's financial statements. Transactions between or among related parties differ from transactions between unrelated parties in that they are, by definition, not at arm's length.
- 10.2. Not dealing at arm's length may significantly influence the price and terms of transactions, and make it difficult to distinguish between the form and the substance of the transaction.
- 10.3. Except for recurring transactions, the assumption is that it is difficult to substantiate that a related party/ affiliate transaction is at arm's length as it is generally not possible to determine whether such a transaction would have taken place or what the terms and manner of settlement would have been had the parties not been related.
- 10.4. It is required that Company discloses significant related party/ affiliate relationships and transactions in Company's financial statements. This disclosure is considered significant because it provides the user of the financial statements with relevant information to interpret Company's operating results.



## 11. Management Fees

11.1. Management fees paid between Group entities (Related Parties) for services shall be governed by management agreement approved by the Group President & CEO through respective SLAs.

## 12. Documentation

12.1. All affiliate-covered transactions should be documented to provide at least the following:

- a) Date of transaction;
- b) Description of transaction;
- c) Detail of method(s) used to calculate value of transaction;
- d) Frequency of charges, if recurring;
- e) Date of approvals; and
- f) Information regarding cost justifications, appraisals, etc., used in arriving at the value of the transaction.
- g) All documentation will be maintained by both participants in the transaction.

