

Vodafone Qatar P.Q.S.C. Governance Charter 2018

Introduction

This Governance Charter sets out the essential rules and identifies the principal committees that form part of the framework under which Vodafone Qatar P.Q.S.C. (the “**Company**”) is managed and governed and is based on internationally recognized standards for good and responsible governance. This Governance Charter aims to make the Company’s governance system transparent and understandable for shareholders.

The Governance Charter contains the terms of reference of the Company’s Board committees and the principles to which the Board of Directors of the Company (the “**Board**”) adheres.

The Governance Charter is drafted to comply with the provisions of the Company’s articles of association, the Commercial Companies Law No. (11) of 2015 (the “**Commercial Companies Law**”), applicable rules and regulations of the Qatar Stock Exchange (“**QSE**”) and the Governance Code for Companies and Legal Entities Listed on the Main Market issued by the Qatar Financial Markets Authority (“**QFMA**”) on 10 November 2016 (the “**Code**”). In the event of any discrepancy between the provisions of this Governance Charter and the Code, the provisions of the Code will prevail.

The Governance Charter will be reviewed regularly against the background of national and international developments and will be adjusted, if necessary. The Governance Charter is published on the Company’s website available at www.vodafone.qa.

Corporate Governance Principles

In order to be in compliance with the Code and to enhance the Company's efficiency and achieve its long term goals and vision, including achieving the following objectives:

1. setting guidelines and values to ensure there is a robust and comprehensive governance framework underpinning the Company's activities;
2. organising responsibilities of the Board members through a set of guidelines that regulate their work;
3. providing Board members with guidelines to assist them in fulfilling their responsibilities and duties in the Company;
4. outlining a framework for all activities of Board members to ensure compliance with all relevant regulatory requirements; and
5. implementing adequate standards to promote transparency and involve the community in conceptualising the work mechanisms of the Board of Directors in public shareholding companies;

the Company will abide by and adhere to the rules, procedures and principles set out below, and in addition the Board will comply with the terms of the Board Charter.

Composition of Board of Directors

The Company shall be managed by a Board of Directors consisting of seven (7) members, four (4) of whom shall be appointed from among candidates nominated by Vodafone and Qatar Foundation LLC (the “**Private Founder**”), the three remaining members shall be independent members nominated by the holders of the shares subscribed to by the public and shall be elected by the General Assembly. (Article 29 of AOA).

Chairman of Board of Directors

The Chairman of the Board shall be elected from among the four appointed members nominated by the Private Founder. Nevertheless, the Chairman may also be elected from amongst the independent members on condition that such Chairman is elected by the majority of the Board and such majority decision also includes a majority decision of those Board members appointed by the Private Founder. (Article 29.3 of AOA)

Interested Party Transactions

The Chairman, any other Board member or any of the executive management of the Company may not carry out any activities similar to the Company's activities or have any interest, whether direct or indirect, in the contacts, projects and arrangements carried out for the Companies account. (Article 46 of AOA)

Directors

A Director shall:

- (a) Not be less than twenty one years old; and
- (b) Not have been previously convicted of a misdemeanour, a crime against honour or breach of trust or any of the crimes specified in Article (40) of the Qatar Financial Markets Authority Law No. (8) of 2012 (the “**QFMA Law**”) or any of the crimes specified in Articles (334) and (335) of the Commercial Companies Law, or be prohibited from practicing any work at the entities subject to the supervision of the QFMA pursuant to Article (35)(12) of the QFMA Law or have been declared bankrupt, unless he has been rehabilitated.
- (c) be a natural person or a Qatari local corporate body, or government sectors; and
- (d) on the date of the election, the candidate shall not own shares in the capital of the Company in violation of the provisions of Article (7) of the AOA or the bylaws or instructions issued by the QFMA and similar supervisory authorities in the State.

If a Board member fails to comply with these conditions, they lose their Board membership from the date on which they ceased to meet the conditions. (Article 30 of AOA)

Role of Chairman

The Chairman shall be the Company's president and he shall represent the Company towards third parties and before the courts. The Chairman shall execute and implement the resolutions of the Board and comply with the Board's recommendations.

The Chairman shall have the right to delegate some of his powers to other Board members. The Vice-Chairman (or Vice Chairmen (as applicable)) shall act in the place of the Chairman in his absence. (Article 35 of AOA)

Role of Board of Directors

The Board shall enjoy the widest powers to manage the Company and shall have the right to commence all work needed as per the Company's objects. This power shall only be limited by the provisions of the law, the Articles of Association or the Company's General Assembly resolutions. (Article 39 of AOA)

Board Meetings

The Board shall meet upon an invitation from its Chairman; the Chairman shall convene the Board to meet upon the request of at least two Board members. The number of Board meetings should not be less than six (6) meetings per financial year.

The Board meetings shall only be valid if attended by the majority of Board members including four (4) members nominated by the Private Founder (this number will be reduced to three (3) once the structure of the Board is amended following the expiry of the term of the current Directors on 25 July 2019) and provided that the Chairman or one of the Vice-Chairmen is also in attendance (Article 36 of AOA)

Audit of Company Accounts

The Board shall in each financial year, at least two (2) months prior to the general assembly meeting, submit to the auditors the Company's balance sheet, profit and loss account, a report of the Company's activity during the preceding financial year and its financial position. (Article 43 of AOA)

Preparation of Financial Statements

The Board shall, in each financial year, prepare the Company's balance sheet, the statement of profit and loss, the statement of the cash flow, and comparison note on previous financial years, all authenticated by the Company's auditors; and a report on the Company's activity and financial position during the past financial year and the plans for next year. (Article 42 of AOA)

Board Remuneration

The general assembly of the Company (the "**General Assembly**") shall determine the remuneration of the Board members and the total of such remuneration may not exceed 5% of the net profit after deduction of the legal reserve and dividends to the shareholders of not less than 5% of the paid up share capital.

General Assembly

The General Assembly shall represent all shareholders and may only be convened in Doha. (Article 47 of AOA)

Attendance at General Assemblies

Every shareholder shall have the right to attend the General Assembly as principal or as proxy. Minors and interdicted persons shall be represented by their legal representatives. (Article 53 of AOA)

Voting at General Assembly

Every shareholder shall have a number of votes equal to the number of his shares. Resolutions shall be passed by an absolute majority of the shares represented at the General Assembly.

Except for corporate bodies, a shareholder may not hold either in his own capacity or as a proxy or both, more than 25% of the number of deciding votes represented in the meeting. (Article 53 of AOA)

Audit Committee Terms of Reference

Executive Summary

The purpose of these terms of reference is to define the purpose, authority, membership, meetings, responsibilities and duties, and reporting of the Audit Committee.

Approval

These terms of reference shall be approved and reviewed on an annual basis by the Company's Board of Directors. The Board of the Company approved these terms of reference on 24 July 2018.

[Audit Committee Terms of Reference](#)

Remuneration Committee Terms of Reference

Executive Summary

The purpose of this section is to define the purpose, authority, membership, meetings, responsibilities and duties, and reporting of the Remuneration Committee.

Approval

The Board of the Company approved these terms of reference on 24 July 2018. These terms of reference shall be approved and reviewed on an annual basis by the Board.

[Remuneration Committee Terms of Reference](#)

Nomination Committee Terms of Reference

Executive Summary

The purpose of these terms of reference is to define and explain the authority and role of the Nomination Committee of the Company (including but not limited to membership, meetings, responsibilities and duties, and reporting obligations of the Nomination Committee.

Approval

These terms of reference shall be approved and reviewed as and when required by the Company's Board. The Board of the Company approved these terms of reference on 24 July 2018.

[Nomination Committee Terms of Reference](#)

The Company's Control Systems

Internal Control Systems

The Board has adopted the following internal control systems for the Company as put forward by the Audit Committee:

- The Board has overall responsibility for internal risk management and control processes. The Company has implemented a dedicated compliance programme in accordance with best practice mandated by the Vodafone Group Plc ("**Vodafone Group**"). As part of the compliance programme, the Company applies the policies and processes set forth in the Vodafone Group Policy Manual which identifies discrete governance policies designed to ensure that all material financial and business risks for the Company are identified and managed appropriately;
- The existence and effectiveness of the Company's internal controls and processes to achieve and maintain compliance with the Vodafone Group governance policies is primarily the responsibility of the Company's management and is monitored through compliance and internal audit. The Company's Internal Audit Department provides an independent assurance over the internal control system and reports significant issues to the Audit Committee in relation to the risk based yearly audit plan;
- The Company has an established business resilience framework that addresses and mitigates the risk of the business being unable to resume its operational activities within a reasonable time following the occurrence of any events leading to business interruption. The Business Continuity, Crisis Management, Technology Resilience and Site Emergency Response Plans set out the requirements to protect the Company against the impact of emergencies and disruptions to critical business operations through effective and timely response (within predetermined timeframes) to an emergency or crisis; and
- The Company operates a comprehensive ongoing risk management and assessment programme within the business. The primary objectives are to balance the risks the business takes with potential reward, support the achievement of corporate strategy and anticipate any future threats. The Company believes a vigilant and robust approach to risk management enables informed decision making, provides senior management with appropriate visibility of relevant business risks, defines the level of risk the Company is willing to take and facilitates risk based assurance activity. The Company adheres to the Vodafone Group management programme. On a bi-annual basis, the risk management function reports to the Audit Committee on the top 10 risks that the Company believes would have the greatest impact on the Company's strategic objectives, operating model, viability or reputation. These risks, plus relevant mitigating actions, are catalogued and tracked in the Company's 'Risk Register' and are then subject to additional reporting, oversight and assurance on an ongoing basis.

Internal Control Unit

The Board shall appoint and determine the remuneration of an Internal Control Unit (i.e. Internal Audit Department) to be recommended and nominated by the Audit Committee. The Internal Control Unit shall be responsible for the assessment and risk management, financial audit and overseeing the Company's compliance with control of financial transactions, in particular those transactions entered into with any related party. The Internal Control Unit shall be managed by the Company's Head of Internal Audit who has experience in financial audit, performance assessment and risk management and has access to all Company departments.

The Company's Internal Audit Department is a service provided and supported by Vodafone Group as part of the company's internal governance and compliance framework. The Internal Audit Department provides objective and independent assurance over critical business processes and projects. The Internal Audit Department reviews business and technology processes to identify the risks, review the controls, make recommendations and track management action plans until completion to enable better management of the business by identifying those aspects of the business that could be controlled more effectively. The Internal Audit team has the independence to report objectively on any function without being constrained by line management through reporting to the Chair of the Vodafone Group Audit and Risk Committee and with a secondary reporting line to the Chief Financial Officer of the Company. The Internal Audit team monitors and supports key governance structures and activities to ensure ongoing effectiveness. The team also identifies and promotes good business practices and reviews the Company's financial and accounting policies and processes to evaluate and assess any relevant risks in that context.

In addition, Internal Audit operates in co-operation with and has full access to, the Vodafone Qatar Audit Committee. As a function provided by the Vodafone Group, the Board considers the Internal Audit Department as being independent from the Company.

Vodafone Group's Internal Audit activity complies with the International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors.

Article 21 of the QFMA Corporate Governance Code prescribes that a company's internal audit function should be independent from the day-to-day functioning of the Company and suggests reinforcing this independence by having the Board determine compensation of its staff. As a function provided by the Vodafone Group, the Board considers the Internal Audit Department as being independent from Vodafone Qatar.

Internal Control Reports

The Company's internal auditor submits a report to the Audit Committee on a quarterly basis setting out the internal audit achievements in the Company. The report contains the following information:

- Procedures of control and supervision in respect of financial affairs, investments, and risk management;
- Review of the development of risk factors in the Company and the appropriateness and effectiveness of the systems in the Company to face drastic or unexpected changes in the Stock Market;
- Comprehensive assessment of the Company's performance regarding its implementation of the Internal Control system in compliance with provisions of the Code;
- The Company's compliance with applicable market listing and disclosure rules and requirements;
- The Company's compliance with Internal Control systems when determining and managing risks;
- The risks faced by the Company, their types, causes and the actions taken in this regard;
- Suggestions for addressing any violations and mitigating risks;

External Control

Appointment of external auditors

The Audit Committee obtains offers from external auditors registered on the approved list at the QFMA. The Audit Committee then makes a recommendation to the Board and upon Board approval, the matter is included on the Company's general assembly agenda for Shareholder approval.

The general assembly appoints the external auditors for one year, renewable for a similar period up to a maximum of five (5) consecutive years.

Functions and responsibilities of the external auditor

The external auditor informs the Board - in writing - about any risk to which the Company is exposed or expected to be exposed, and about all violations immediately upon identification. Any copy of such notice should also be sent to the QFMA.

The external auditor shall have the right to invite the General Assembly to convene pursuant to the law, provided that the QFMA is informed thereof.

The external auditor shall submit a report to the General Assembly and the report shall be read at the General Assembly. The external auditor shall send a copy of its report to the QFMA together with a responsibility statement. Each shareholder at the General Assembly has the right to discuss matters with the external auditor and seek clarification in any matter of the external auditor's report.

The external auditor's report must include all information relating to their audit works and the assessment of the performance of the Company, and in particular matters relating to the following:

- Appropriateness and effectiveness of the Internal Control systems implemented by the Company;
- The Company's ability to continue performing its activities and deliver its obligations - the external auditor should provide its report independently of what the Board of the Company evaluated or foresees;
- The extent to which the Company complies with issuing policies and internal charts, and the extent to which these policies and charts serve the Company's business, and to what extent the Company applies such policies and charts;
- The Company's compliance with its Articles of Associations and its compliance with the provisions of the applicable laws and the QFMA's relevant legislation, including the provisions of the Code;
- The Company's compliance with the implementation of the best international standards in auditing and the preparation of financial reports as well as its compliance with international audit and accounting standards (IFRS / IAS) and (ISA) and their requirements; and
- The Company's co-operation with the external auditor in providing access to the necessary information to allow the external auditor to complete its duties.

Disclosure and Transparency

Disclosure

The Company seeks to comply with all of its disclosure obligations stipulated under the QFMA's rules and regulations. The Company will ensure the disclosures are accurate and truthful and comply with the QFMA's disclosure requirements.

Conflicts of Interest

The Company's conflicts of interest policy is more particularly attached at Appendix 1 to this Governance Charter.

The Board shall disclose details of any dealings and transactions with related parties in the Company's annual report.

The Company will not enter into any major transaction (being a transaction or a series of linked or related transactions aiming to own, sell, lease, exchange, or otherwise dispose of (except for establishing guarantees) assets of the Company or assets to be acquired by the Company or transactions which would change the essential nature of the Company's business; or those whose gross value exceeds (10%) of the lesser of either the Company's market value or the net value of the Company's assets according to the latest announced financial statements) with a related party without first obtaining the approval of the Company's General Assembly.

Transparency and upholding the Company's interest

Any related party, who is a party or has any connection with a business dealing or a transaction entered into by the Company, shall not attend the Board meeting while discussing that dealing, relationship or transaction. Such related party shall not be entitled to vote on decisions of the Board in that regard.

For these purposes a person is considered a Related Party to the Company if that person is a Board member of the Company or a company of its group; is a member of the Senior Executive Management of the Company or any company of its group; 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. 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.

In all cases, all relationships held by the Company with others must serve the Company's interest, as well as all transactions shall be made according to market prices and on an arm's length basis and shall not involve terms that are contrary to the Company's interest.

Disclosure of Trading in the Company's shares

Board members, Senior Executive Management, all insiders, their spouses and minor children must disclose any trading and transactions they carry out involving the Company's shares and any other securities, and the Board shall adopt clear rules and procedures regulating trading of insiders in securities issued by the Company. The Company's Share Trading Guidelines is more particularly attached at Appendix 2 to this Governance Charter.

Rights of Stakeholders

Equal Rights for Shareholders

All shareholders are equal and have all the rights arising from share ownership in accordance with the provisions of the law, regulations and relevant decisions.

All shareholders have the right to dispose of shares, obtain the declared dividends, attend the General Assembly and participate in its deliberations and vote on decisions, as well as the right to access to information and request it in a way that does not prejudice the Company's interests.

Access to Shareholder Register

The Company shall submit, monthly, an application to the Qatar Central Securities Depository to get an updated copy of shareholders' register and keep it.

Access to information by Shareholders

Shareholders shall have access to information relating to the Company on the Company's website in accordance with the Company's Articles of Association.

Shareholders' rights in relation to General Assemblies

All Shareholders shall have the right to attend the General Assembly of the Company as set out in its Articles of Association.

Shareholders' rights in relation to Board election

The Company will provide the shareholders with information relating to candidates for Board membership in sufficient time before the date determined for convening the General Assembly. The General Assembly shall elect the independent Board members by secret ballot in accordance with the Company's Articles of Association.

Corporate Social Responsibility

Corporate Social Responsibility investments are regulated through the Company's Charitable Donations Policy, which ensures all our contributions are linked to using mobile communication technology for social welfare, environmental protection or community support. Our Social Investments Committee assesses all requests based on transparent and objective evaluation criteria.

Appendix 1 – Conflicts of Interest Policy

Appendix 2 – Vodafone Qatar P.Q.S.C Shares Trading Policy / Guidelines

1. Purpose:

As Vodafone Qatar P.Q.S.C (“Vodafone Qatar”) is a listed company, there are some important rules and regulations to be complied with in relation to share trading (especially in relation to shares in Vodafone Qatar) and in particular (but not limited to) the rules and regulations of the Qatar Financial Markets Authority (“QFMA”) and the Qatar Stock Exchange (“QSE”). These must be considered carefully by the Chairman, Board members, Senior Executive Managers (“Exec Team”) and all staff before trading in Vodafone Qatar shares.

2. Before buying or selling shares in Vodafone Qatar

Vodafone Qatar, Board members and employees may not use any information obtained by virtue of their position within Vodafone Qatar to achieve an interest for themselves, their spouses, children or next of kin to the 4th degree, whether directly or indirectly, due to dealing in Vodafone Qatar shares. They are also prohibited from having a direct or indirect interest in an entity carrying out activities aiming to influence the price of the shares. This prohibition shall remain valid for three (3) years after the end of the Board membership or the end of the employment¹.

All Staff must inform their broker that they are a Vodafone Qatar employee before placing a Buy/Sell order of Vodafone Qatar shares.²

Board Members and Exec Team must also ensure their broker informs QSE management (Trading Control) of their buy/sell order before placing it in the market.²

3. Disclosure

The Board members, Exec Team, all insiders (as defined below), their spouses and minor children must disclose any trading and transaction they carry out involving Vodafone Qatar shares and other securities³.

For this purpose, an “insider” is any person, who due to their position, becomes aware of information not available to the public. Such information could affect the interest or reluctance of potential investors to buy or to sell in the securities of Vodafone Qatar or other companies in which Vodafone Qatar or its shareholders have an interest, or could affect Vodafone Qatar’s ability to meet its obligations. Insiders can include Board members, Exec Team, employees of Vodafone Qatar or any company of its group and others who have access to such information due to contractual, professional or other relations.⁴

¹ Article 111 of Commercial Companies Law No 11 of 2015

² Qatar Exchange Rulebook (August 2010) Article 4.3.3 (v)

³ Article 28 QFMA Governance Code for Companies & Legal Entities Listed on the Main Market

⁴ Governance Code for Companies & Legal Entities Listed on the Main Market

4. **Mergers & Acquisitions**

The Chairman and Board members and the Exec Team, in the case of Vodafone Qatar receiving an offer for merger or acquisition, must refrain from any deeds or acts that may materially affect Vodafone Qatar's assets, increase its financial obligations or hinder the future development of its activities, except where such deed or acts are taken in the ordinary course of Vodafone Qatar's business and prior to the offer date.⁵

The Chairman and Board members and Exec Team, their minor children and spouses are prohibited from doing the following during an acquisition or a merger:

- (A) trading in the shares of the concerned companies from the date of the announcement of the acquisition or merger, until the extraordinary general assemblies of the concerned companies have been held, and a decision was taken to implement, or not to implement the acquisition or merger;
- (B) exploit the information related to an acquisition or merger for the purposes of trading the concerned securities.⁶

5. **Trading Restrictions for the Vodafone Qatar Board, Exec Team and Staff**

The Chairman, Board members, Exec Team and Staff may not buy or sell (directly or indirectly) on their own account or on the account of others, Vodafone Qatar shares during the following periods:

5.1 **Full-Year and Half-Year Results**

During the period extending from the date of calling the Board meeting to approve the said results until the actual date of the meeting and the publication of that decision to the public. Note that the period between these two dates shall not be less than 15 days and the Qatar Stock Exchange is required to be notified in advance of these dates.⁷

5.2 **Q1 and Q3 Results**

- (A) During the period from a week before the financial quarter-end until the announcement of the quarterly financial statements.
- (B) In case of convening a Board meeting for discussing the quarterly financial statements, for the period extending from the date of calling the Board meeting until the actual convening of the Board.⁸

Note - The Board Directors are only permitted to view Vodafone Qatar financial statements a maximum of three days prior to the actual Board meeting.⁹

⁵ QFMA Merger & Acquisition Rules

⁶ QFMA Merger & Acquisition Rules

⁷ DSM Internal Regulations (March 2009) Article 173 1(a)

⁸ DSM Internal Regulations (March 2009) Article 173 1(b) (the wording of which is still effectively operational)

⁹ DSM Internal Regulations (March 2009) Article 173 1(a)

QFMA has the right to impose prohibition periods during which the Chairman, Board members and Executive Team are **prohibited** from buying or selling securities for their own account or for the account of third parties.¹⁰

6. General Restrictions applicable to All Staff, the Board and the Exec Team

DO NOT

- (a) Disclose confidential information that becomes available to you through your work or connections, even after termination of your employment¹¹. Note: confidential information is any information which is not yet publicly available and could impact Vodafone Qatar share price;
- (b) Buy or sell (for yourself or on behalf of others) any shares including those of Vodafone Qatar, if you are basing your buy/sell decision on non-public information made available to you during the course of your employment;
- (c) Spread rumours about any company in order to affect the price of that company's shares;
- (d) Intentionally provide any information or make statements that you know are wrong or inaccurate in order to affect the decisions of other persons in relation to the buying or selling of securities;
- (e) Carry out any transactions (i.e. buying shares) with the intention of encouraging false confidence within the market, or selling shares so as to lower artificially the share price;
- (f) Conclude any agreements or operations in order to manipulate share prices and make profits or avoid losses to the detriment of other persons.

7. Potential penalties for violating insider trading rules & regulations¹²:

Imprisonment for a maximum of two years; and/or Fine between QR 50,000 and QR 10 million.

¹⁰ QFMA Offering and Listing Rulebook of Securities (November 2010) Article 49

¹¹ Article 42(8) of the Labour Law No. 14 of 2004

¹² Article 37 (Chapter IV, Sanctions), State of Qatar Law No. 33 of 2005, Amended by Decree-Law No. 14 of 2007, Qatar Financial Markets Authority