



Vodafone Qatar Corporate Governance Report 2010

Prepared in accordance with the Corporate Governance Code for Companies Listed in Markets Regulated by the Qatar Financial Markets Authority 2009 (“Corporate Governance Code” or the “Code”)

Article	Description	Vodafone Qatar's Comment
30	The Corporate Governance Report The Board shall prepare an annual Corporate Governance Report signed by the Chairman. This report shall include the Board's assessment of the Company's compliance with the provisions of this Code. This Report shall be submitted to the Authority on an annual basis and whenever required by the Authority. The said Report shall be published and shall include all information related to the application of this Code, including notably:	
30.1	Procedures followed by the Company in this respect:	This Report was prepared by Vodafone Qatar's Investor Relation Team and the Legal & Regulatory Team, liaising with other departments including Finance to prepare a complete view of corporate governance at Vodafone Qatar.
30.2	Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future	No violations have been committed during the financial year.
30.3	Members of the Board of Directors and its Committees and their responsibilities and activities during the year, according to the categories and terms of office of said members along with the method of determining the Directors and Senior Executive Managers remuneration	Vodafone Qatar's Board of Directors is Chaired by Sheikh Abdulrahman Bin Saud Al-Thani and the Board Members are Sheikh Abdullah Bin Hamad Bin Khalifa Al-Thani, Mr Abdulla Bin Nasser Al-Misnad (Vice Chairman), Mr Rashid Fahad Al-Naimi, Ms Aysha Mohammed Saad Al-Nuaimi, Mr Nick Read, Mr John Tombleson, Mr Matthew Harrison-Harvey and Mrs Alison Wilcox. Vodafone Qatar's Board has not yet formed Audit, Nomination and Remuneration committees. The formation of an Audit Committee and a Remuneration Committee will be addressed at the next Board meeting scheduled for May 2011; see Articles 16 and 17 of this report for more details. As mentioned in Article 16 of this report, remuneration of Senior Executive Managers is determined by Vodafone Group as part of the Vodafone Qatar Management Agreement. This agreement was approved and signed by the Board and was approved by IctQATAR on incorporation of the Company.
30.4	Internal Control procedures including particularly the Company's oversight of financial affairs, investments, and risk management	Vodafone Qatar follows Vodafone Group's Governance Policy Manual which is a key document that sets particular policies and authority levels to ensure that the Group manages risk in the best way possible. This is enforced by Vodafone Group's Internal Audit department, further details of which are available in section 17 of this Corporate Governance Report.
30.5	The procedure followed by the Company in determining, evaluating and managing significant risks, a comparative analysis of the Company's risk factors and discussion of the systems in place to confront drastic or unexpected market changes	As part of the Vodafone Qatar Management Agreement, Vodafone Qatar follows Vodafone Group's Governance Policy Manual which sets particular authorities and accountabilities to ensure that the Group manages risk in the best way possible. It is an example of best practice in Governance. Vodafone expects all



		its directors and employees to act with honesty, integrity and fairness and in accordance with the laws and customs of the countries in which it operates; the Group Governance Policy Manual sets certain rules and standards that must be followed.
30.6	Assessment of the performance of the Board and senior management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board	The assessment of Vodafone Qatar's Board and senior management in relation to Internal control systems is conducted using the Key Control Questionnaire (KCQ) which is part of Vodafone Group's global processes and is a function of Vodafone Group's Internal Audit department. The KCQ is an annual self assessment exercise completed by all Vodafone operating companies and administered by Vodafone Group's internal audit department. Completion of the KCQ is mandatory and helps identify the relative strength of Vodafone Qatar's Internal controls.
30.7	Internal control failures or weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedures followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements)	Vodafone Qatar has experienced no such issues.
30.8	The Company's compliance with applicable market listing and disclosure rules and requirements	Vodafone Qatar complies with all applicable market listing and disclosure rules and requirements.
30.9	The Company's compliance with Internal Control systems in determining and managing risks	Vodafone Qatar has complied with the Internal Control systems it has adopted from Vodafone Group as part of the Vodafone Qatar Management Agreement. Vodafone Qatar follows Vodafone Group's Governance Policy Manual as mentioned in the response to Article 30.5 above. The assessment of Vodafone Qatar's compliance with these internal control systems and risk evaluation is conducted using the Key Control Questionnaire (KCQ) which is part of Vodafone Group's global processes and is a function of Vodafone Group's Internal Audit department.
30.10	All relevant information describing the Company's risk management operations and Internal Control procedures	As mentioned throughout Article 30 of this Corporate Governance Code, Vodafone Qatar follows Vodafone Group's Governance Policy Manual. This is a detailed document which covers all aspects of business operations and procedures.



Below is a list of all the articles in the Corporate Governance Code. Where Vodafone Qatar complies with all aspects of an Article, this is simply noted as "Compliant". If there are aspects of an Article that Vodafone Qatar only partially complies, or does not comply with, each individual Article is listed and explanatory comments are provided.

Article	Summary	Compliant/Reasons for Non-Compliance
3	Company's obligation to comply with CG principles	Compliant
4	Board Charter	Compliant
5 5.2.1 Board responsible for approving company's strategic objectives, appointment & replacement of management, setting management compensation, reviewing management performance and ensuring succession planning	Compliant, exceptions below: Vodafone Qatar's Board is responsible for approving the Company's strategic objectives. However, appointment & replacement of management, the setting of compensation, review of management performance and succession planning is covered by Vodafone Group as part of the Vodafone Qatar Management Agreement. This agreement was approved and signed by the Board and may be changed by the Board.	
6	Board members' fiduciary duties	Compliant
7	Separation of Positions of Chairman & CEO	Compliant
8	Duties of the Chairman of the Board	Compliant
9 9.1 The Board composition shall be determined in the Company's by-laws. The Board shall include executive, non-executive and independent Board Members so as to ensure that the Board decisions are not dominated by one individual or a small group of individuals.	Compliant, exceptions below: Article 26.1 of Vodafone Qatar's Articles of Association states that "The Company shall be managed by a Board of Directors consisting of nine members; six of whom shall be appointed from among candidates nominated by the Private Founder and one of whom shall be appointed from among candidates nominated by the Institutional Investors. The two 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 after the completion of the Public Offering."	Article 33.2 of Vodafone Qatar's Articles of Association states that "For so long as Vodafone Group Plc owns, either directly or indirectly, in excess of 50% of the shares in the capital of the Private Founder, the Board of Directors shall operate so that the majority decision of the Directors appointed by the Private Founder pursuant to Article (26.1) in attendance (including by proxy) shall be sufficient to carry or reject any proposed resolution of the Board of Directors save in respect of any action described in



		Article 34.4 or entering into any Related-Party transaction..."
9.2	At least one third of the Board Members shall be Independent Board Members and a majority of the Board Members shall be Non-Executive Board Members.	Vodafone Qatar's Board structure was agreed by ictQATAR as part of the Mobile License Application Procedures. The majority of Vodafone Qatar's Board Members are Non-Executive, however one-third of Board Members are not Independent. The Board composition is in accordance with Vodafone Qatar's Articles of Association, article 26.1 and the Board structure was agreed by ictQATAR as part of the Mobile License Application Procedures.
10 Non-Executive Board Members		
10.1.3	Duties include participation in the Company's Audit Committee	Compliant; exceptions are below: Vodafone Qatar currently does not have a separate Audit Committee, however its internal audit function is provided by Vodafone Group as discussed in Article 17 of this Corporate Governance report.
10.1.5	Duties include the development of the procedural rules for the Company's corporate governance for ensuring their implementation in a consistent manner;	Currently Vodafone Qatar follows the same best-practice corporate governance rules and procedures as those followed by Vodafone Group. At the next Board meeting scheduled for May 2011, the non-executive Board members will review and discuss any changes that are required to these procedural rules on an ongoing basis in line with best practices followed by Vodafone Group.
11 Board Meetings		
11.1	The Board of Directors shall hold meetings regularly, so as to ensure that the Board is effectively performing its duties. The Board shall meet at least six times during a Year.	Compliant; exceptions are below: Vodafone Qatar is in the process of requesting a change in Article 34.1 of its Articles of Association which says "The number of meetings should not be less than six meetings per financial year." Vodafone Qatar is requesting a change from six to four Board meetings per financial year. This is to align Board meetings with Qatar Exchange reporting requirements.
12 Board Secretary		
12.5	The Board Secretary should preferably be a member of a recognized body of professional accountants, or a member of a recognized or chartered body of corporate secretaries, or a lawyer or a graduate from a recognized university or equivalent. He should have at least three years experience of handling the affairs of a public company listed in the market.	Compliant; exceptions are below: Vodafone Qatar's Board Secretary, Matthew Harrison-Harvey is a lawyer who has held regulatory and public policy roles in relation to Vodafone Group's investments in Europe, Africa, the Middle East and Asia for over 10 years. Currently he has less than three years experience of handling the affairs of a public company listed in the market.
13 Conflict of Interests and Insider Trading		
13.4	Trading by Board Members' in the Company's shares and other securities shall be disclosed and the Company shall adopt clear rules	Compliant; exceptions are below: Every quarter, Vodafone Qatar issues a communication to its Board members



<p>and procedures governing trading by Board Members and employees in the company securities</p>	<p>and all employees regarding the prohibition on dealing in Company shares prior to the announcement of quarterly results. At the next Board meeting scheduled for May 2011, the Board will discuss the rules and procedures required regarding trading in the Company's shares.</p>
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<p>14 Other Board Practices and Duties 14.2 The Board Members shall ensure that the Nomination, Remuneration and the Audit Committee members, the Internal Audit and representatives of the External Auditors attend the General Assembly.</p>	<p>Compliant; exceptions are below: Representatives of the External Auditors do attend the General Assembly meeting. Vodafone Qatar's Board of Directors has not yet established Nomination, Remuneration or Audit Committees. Please see further details in Article 15, 16 and 17 of this Corporate Governance report.</p>
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<p>15 Board Members Appointment. The Nomination Committee 15.1 Nominations and appointments of Board Members shall be made according to formal, rigorous and transparent procedures. 15.2 The Board shall constitute a Nomination Committee chaired by an Independent Board Member and comprised of Independent Board Members which shall recommend Board Members' appointments and renomination for election by the General Assembly (for the avoidance of doubt, nomination by the Committee does not deprive any shareholder of his rights to nominate or to be nominated). 15.3 Nominations shall take into account inter alia the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and personality and should be based on the 'Fit and Proper Guidelines for Nomination of Board Members' annexed to the Code as amended by the Authority from time to time. 15.4 Upon its establishment, the Nomination Committee shall adopt and publish its terms of reference explaining its authority and role. 15.5 The Nomination Committee's role shall also include conducting an annual self-assessment of the Board's performance. 15.6 Banks and other companies shall comply with any conditions or requirements relating to the nomination, election or appointment of Board Members issued by Qatar Central Bank or any other relevant authority.</p>	<p>Vodafone Qatar is not required to have a nomination committee until 2013 because the Company's Articles of Association have already established a process for the appointment and replacement of directors for the first five years.</p>
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<p>16 Board Members' Remuneration - Remuneration Committee 16.1 The Board of Directors shall establish a Remuneration Committee comprised of at least three Non-Executive Board Members the majority of whom must be Independent. 16.2 Upon its constitution, the Remuneration Committee shall adopt and make available its terms of reference explaining its role and main responsibilities. 16.3 The Remuneration Committee's main role shall include setting the remuneration policy of the Company including remuneration of the Chairman and all Board Members as well as Senior Executive Management. 16.4 The Remuneration Policy shall be presented to the shareholders in the General Assembly for approval and shall be made public. 16.5 Remuneration shall take into account the responsibilities and scope of the functions of the Board Members and members of Senior Executive Management as well as the performance of the Company.</p>	<p>Not yet compliant; see below: Remuneration for all Vodafone Qatar employees including Senior Executive Management is determined by Vodafone Group as part of the Vodafone Qatar Management Agreement. This agreement was approved and signed by the Board and was approved by IctQATAR on incorporation of the company. The Board of Vodafone Qatar will discuss the formation of a Remuneration Committee at its next Board meeting scheduled for May 2011</p>
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<p>Compensation may include fixed and performance-related components, noting that such performance related components should be based on the long-term performance of the Company.</p>	
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17	Audit Committee	Not yet compliant; see below:
	<p>As part of the Vodafone Qatar Management Agreement with Vodafone Group which has been approved and signed by Vodafone Qatar's Board of Directors, Vodafone Qatar is able to benefit from Vodafone Group's Internal Audit team. It is an advantage to Vodafone Qatar's shareholders that the Company is able to benefit from Vodafone Group's experience in internal audit.</p> <p>The purpose of Vodafone Group's Internal Audit department is to provide objective and independent assurance over critical business processes & projects. The Internal Audit department reviews business and technology processes to identify the risks, review the controls and make recommendations to enable better management of the business.</p> <p>Vodafone Group's Internal Audit department allows improved business performance at all levels of the organisation, 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. 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 procedures (compliant with 17.11).</p> <p>The Internal Audit department visits Vodafone Qatar regularly and provides a detailed report every three months, keeping detailed notes and records of their visit (compliant with 17.4). The internal audit department will undertake consultations as required (compliant with 17.3)</p> <p>Vodafone Group's Internal Audit activity complies with the International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors.</p> <p>Vodafone Qatar currently does not have an Audit Committee to oversee the Internal Audit function which is provided by Vodafone Group. The formation of an Audit Committee will be discussed at the next Board meeting scheduled for May 2011.</p> <p>Vodafone Qatar has established a confidential phone number whereby employees can report any matters of concern. Details are contained in the employee handbook (compliant with 17.14)</p> <p>Vodafone Group's Internal Audit department reviews Vodafone Qatar's financial and internal control procedures during its internal audit process (compliant with 17.7, 17.8 and 17.15). More details are available in point 30.9</p>	

18	Compliance, Internal Controls and the Internal Auditor	Compliant; exceptions are below:
18.1	<p>The Company shall adopt Internal Control Systems, approved by the Board, to evaluate the methods and procedures for risk management, implementation of the Company's corporate governance code and compliance with related laws and regulations. And the Internal Control Systems shall set clear lines of responsibility and accountability throughout the Company's departments</p>	<p>Compliant. Vodafone Qatar uses established Internal Control Systems provided by Vodafone Group as part of the Vodafone Qatar Management Agreement. This agreement was approved and signed by the Board and may be changed at any time.</p>
18.3	<p>The Company shall have an internal audit function with clearly defined functions and role. In particular, the internal audit function shall :</p> <p>18.3.1 audit the Internal Control Systems and oversee their implementation;</p> <p>18.3.2 be carried out by operationally independent, appropriately trained and competent staff; and</p> <p>18.3.3 Submit its reports to the Board of Directors either directly or through the Board's Audit Committee; and is responsible to the Board; and</p> <p>18.3.4 Has access to all Company's activities; and</p> <p>18.3.5 Be independent including being independent from the day-to-day Company functioning. Its independence should be reinforced for example by having the Board determine compensation of its staff.</p>	<p>Compliant, however Vodafone Qatar's internal audit function is provided by Vodafone Group through the Vodafone Qatar Management Agreement which includes setting compensation in relation to point 18.3.5. This agreement has been approved and signed by the Board and can be changed by the Board.</p>
18.4	<p>The internal audit function shall include at least one internal auditor appointed by the Board of Directors. This internal auditor shall report to the Board or the Chief Executive Officer of the Company, either directly or through the Audit Committee</p>	<p>Compliant, however the internal audit function is provided by Vodafone Group through the Vodafone Qatar Management Agreement which means the Board of Directors of Vodafone</p>



	<p>Qatar are not directly involved in appointing the internal auditor. However, as the Board approved and signed the Management Agreement, they have implicitly approved the internal audit function within Vodafone Group. The internal audit function of Vodafone Group reports directly to the CEO of Vodafone Qatar.</p>
<p>18.5 The internal auditor shall prepare and submit to the Audit Committee and the Board of Directors an "internal audit report" which shall include a review and assessment of the Internal Control system of the Company. The scope of the Internal Audit Report shall be agreed between the Board (based on the Audit Committee recommendation) and the internal auditor and shall include particularly the following: - Control and oversight procedures of financial affairs, investments, and risk management. - Comparative evaluation of the development of risk factors and the systems in place to respond to drastic or unexpected market changes. - Assessment of the performance of the Board and senior management in implementing the Internal Control Systems, including the number of times the Board was notified of control issues (including risk management) and the manner in which such issues were handled by the Board. - Internal Control failure, weaknesses or contingencies that have affected or may affect the Company's financial performance and the procedure followed by the Company in addressing Internal Control failures (especially such problems as disclosed in the Company's annual reports and financial statements). - The Company's compliance with applicable market listing and disclosure rules and requirements. - The Company's compliance with Internal Control systems in determining and managing risk. - All relevant information describing the Company's risk management operations.</p>	<p>Currently the internal audit report goes to Vodafone Group for review. In future, the internal audit report will go to Vodafone Qatar's Audit Committee. The formation of an Audit committee will be addressed at the next Board meeting scheduled for May 2011; see Article 17 of this report for more details.</p>

<p>19 External Auditor</p>	<p>Compliant</p>
<p>20 The Corporate Governance Report</p> <p>20.1 The Company must comply with all disclosure requirements including financial reporting as well as disclosing shareholdings of Board Members, senior executives and major or controlling shareholders. The Company must also disclose information about its Board Members including notably a resume of each member describing his/her respective education, profession, other board seats that they may hold (if any). Names of the members of various Committees constituted by the Board as mentioned in Article 5.3, along with the composition of the committee, should also be disclosed</p>	<p>Compliant; exceptions are below:</p> <p>Resumes were provided as part of Vodafone Qatar's IPO process. Updated resumes are being requested from all Vodafone Qatar Board members; these will be published on the Investor Relations section of the Vodafone Qatar website. Resumes are also included on a yearly basis in the Company's Annual Report.</p> <p>At the next Board meeting scheduled for May 2011, the Board will discuss the rules and procedures required regarding trading in the Company's shares including disclosure requirements.</p>

<p>21 General Rights of Shareholders and Key Ownership Elements</p>		<p>Compliant</p>
<p>22 Ownership Records</p>	<p>Compliant; exceptions are below:</p>	
<p>22.1 The Company shall keep valid and up to date records of share ownership</p>	<p>Compliant. Vodafone Qatar requests a share register at least once per quarter from Qatar Exchange.</p>	
<p>22.3 The Shareholder shall be entitled</p>	<p>Compliant. Regarding 22.3.1, Vodafone Qatar's accepts that shareholders</p>	



<p>to obtain a copy of the following: 22.3.1 Shareholders' register, 22.3.2 Board Members' register, 22.3.3 Articles of Association and by-laws of the Company, 22.3.4 Instruments creating a charge or right on the Company's assets, 22.3.5 Related party contracts and any other document as the Authority may decide upon payment of a prescribed fee.</p>	<p>have the right to view the shareholders' register at the company's premises in conjunction with 22.2. However, shareholders must contact Qatar Exchange directly to obtain a copy of the share register if required. 22.3.2 – Compliant. Information on Board members is currently being updated and will be available in the Company's Annual Report and on the Investor Relations section of Vodafone Qatar's website. Regarding 22.3.3, the latest version of Vodafone Qatar's Articles of Association and Memorandum of Association following the change at the Extraordinary General Assembly (EGA) on 28 June 2010 is not yet available. Currently the previous version of the Articles of Association is available, with the changes arising from the EGA available as a separate document. Regarding 22.3.4 and 22.3.5, Vodafone Qatar accepts that shareholders have the right to view this information. However in order to protect privacy of the Company, this information will be available for shareholders to review at the Company's premises during regular office hours. Copies will not be provided.</p>
<p>23 Access to Information 23.2 The Company shall have a website where all relevant information and public information and disclosures must be posted. This includes all information that is required to be made public by this Code and any related laws and regulations</p>	<p>Compliant; exceptions are below: Vodafone Qatar has a company website (www.vodafone.com.qa) with a dedicated Investor Relations site which contains all financial disclosures and press releases. While Vodafone Qatar's Articles of Association is being updated, the original Articles of Association will be uploaded together with a separate document with the changes arising from the Company's Extraordinary General Assembly in June 2010. Contact details for the Company's Investor Relations team are also provided to answer queries and who can provide any further material required.</p>
<p>24 Shareholders' Rights with Regard to Shareholders' Meetings</p>	<p>Compliant</p>
<p>25 Equitable Treatment of Shareholders and Exercise of Voting Rights</p>	<p>Compliant</p>
<p>26 Shareholders' Rights Concerning Board Members' Election</p>	<p>Compliant</p>
<p>27 Shareholders' Rights Concerning Dividend Distribution</p>	<p>Compliant</p>
<p>28 Capital Structures, Shareholders' Rights, Major Transactions 28.2 Companies shall adopt in their articles of association and/or by-laws provisions for the protection of minority shareholders in the event of approval of Major Transactions where the said minority shareholders have voted against such Major Transactions 28.3 Companies shall adopt in their articles of association and/or by-laws, a mechanism ensuring the trigger of a public offer or the exercise of Tag Along Rights in the case of a change in ownership exceeding a specific percentage (threshold) . The thresholds should take into consideration shares held by third parties but under the control of the disclosing shareholder, including shares covered by shareholder agreements which should also be disclosed</p>	<p>Compliant; exceptions are below: There is no provision in Vodafone Qatar's Articles of Association that refers specifically to minority shareholders. Vodafone Qatar's capital structure is fixed for at least two years from the date of listing on 21 July 2009, as Founding Shareholders are not allowed to sell during this period.</p>



29	Stakeholders' Rights	Compliant; exceptions are below:
29.3	The Board shall develop a remuneration policy and packages that provide incentive for the employees and management of the Company to always perform in the best interests of the Company. This policy should take into consideration the long term performance of the Company	Compliant. Remuneration policy is provided by Vodafone Group through the Vodafone Qatar Management Agreement which includes setting compensation. This agreement has been approved and signed by the Board and can be changed by the Board.

This report was prepared during January 2011.

Sheikh Abdulrahman Bin Saud Al-Thani
Chairman
Vodafone Qatar