



الشركة القطرية الألمانية للمستلزمات الطبية (ش.م.ع.ق)  
Qatari German For Medical Devices Company (Q.P.S.C)

# QATARI GERMAN FOR MEDICAL DEVICES COMPANY

## CORPORATE GOVERNANCE REPORT 2018

Head Office: Doha-Qatar  
P.O. Box: 22556, Abu Hamour  
Street Number 54  
Building Number 136

المقر الرئيسي الدوحة - قطر  
صندوق البريد ٢٢٥٥٦، أبو هامور  
رقم الشارع ٥٤  
رقم المبنى ١٣٦

رأس مال الشركة (مدفوع بالكامل): ١١٥,٥٠٠,٠٠٠ ر.ق.  
Paid Up Capital of the company QR. 115,500,000  
رقم السجل التجاري 23349 C.R. NO.

E-mail: info@qgmd.com  
Website: www.qgmd.com  
Tel: +974 44581201  
Fax: +974 44581328

## Index

Introduction .....	3
Commitment to Comply with Corporate Governance .....	3
Corporate Governance Achievements for the Year Ended 31 December 2018 .....	3
Board of Directors .....	4
Changes in the Board's directorships during 2018 .....	5
Non-executive Board Members .....	5
Independence.....	6
Prohibition of combining positions .....	6
Board Duties .....	6
Board Members' Duties .....	7
Remuneration .....	8
Chairman of the Board.....	8
Responsibilities.....	8
Duties.....	8
Board Secretary .....	8
Board Committees .....	9
Audit Committee .....	9
Nomination & Remuneration Committee .....	10
Internal Control Systems .....	11
Internal Audit .....	11
External Audit.....	11
Shareholders' Rights .....	11
Conflict of Interest and Insider Trading .....	12
List of Board Members' Share ownership.....	12
QGMD's Capital.....	13
Disputes and Lawsuits .....	13



الشركة القطرية الألمانية للمستلزمات الطبية (ش.م.ع.ق.)  
Qatari German For Medical Devices Company (Q.P.S.C)

## Introduction

Qatar German for Medical Devices Company is headquartered in Doha, Qatar. QGMD uses its state-of-the-art production facility which has made them to be a credible competitor in the medical devices industry where the progressive healthcare markets rely on QGMD's patient-centric products of superior quality.

This report sets out the profile of the company's governance framework and continues with the Qatari German for medical Devices company Adopting a framework that seeks full compliance with regulatory requirements

The Board of Directors adopted a corporate governance framework ,in which the Board of Directors and its committees and the Executive Management Team manage the affairs of the Qatari German for Medical Devices Company. The development of corporate governance standards to achieve best governance practices is a priority of the Board of Directors and the senior management of QGMD. The Company continuously promotes and improves its governance principles and structure for the benefit of its shareholders and current and potential stakeholders .

## List of Abbreviations

Term	Definition
CEO	Chief Executive Officer
QGMD	Qatari German Medical Devices
QFMA	Qatar Financial Market Authority
The Code	QFMA Governance Code for Companies & Legal Entities Listed on the Main Market
QDB	Qatar Development Bank

## Commitment to Comply with Corporate Governance

Qatari German for Medical Devices Company comply with all relevant rules and regulations issued by the Qatar Financial Markets Authority ("QFMA" or the "Authority") including the Governance Code for Companies and Legal Entities Listed in the Main Market .

## Corporate Governance Achievements for the Year Ended 31 December 2018

The Qatari German for Medical Devices Company has developed and commenced several initiatives to comply with the new requirements of the Qatar Financial Markets Authority in relation to adopting and implementing the new regulatory developments, , including but not limited to the following :



- Amended its Articles of Association to comply with the Code
- Continued to enhance its Corporate Governance Framework with the aim of achieving full compliance with the Code
- Restructured the Board and its committees in accordance with the requirements of the Code:
  - Elections were held to appoint Independent Directors who shall serve until the end of the current Board's tenor 2018-2021 . And a third of the seats were allocated to Independent Directors
  - Independent Directors were appointed to Board committees in accordance with the Company's new Corporate Governance Framework and the requirements of the Code.

## Board of Directors

### Board Members

- The Board of Directors currently consists of 6 members out of 7 members originally elected for the period 2018-2021, where as per the Article of Association the members can be re-elected through the General Assembly secret voting.
- As per the company's Article of Association (Article 26), the Board of Directors shall consist of 7 members, however in the case of vacancy within the Board, it can continue its work with a minimum of 5 members as per (Article 31).
- As per the company's Article of Association (Article 26) Qatar Development Bank has the right to appoint 1 member, while the rest of the members shall be elected through the General Assembly secret voting.
- The Independent Members currently represent half of the Board, and all of them are Non-Executive members in compliance with (Article 6) of QFMA's Governance Code.
- The Table below table presents information about the current Board of Directors Members (2018-2021):

Name	Representing	Designation	Executive/Non-Executive
Mr. Hamad Khamis Al-Kubaisi	QDB	Chairman	Non-Executive
Mr. Talal Sabah Al-Abdullah	Qatar Red Crescent Society	Vice Chairman	Non-Executive
Mr. Saleh Majed Al-Khulaifi	QDB	Member	Non-Executive
Mr. Eissa Khaled Al-Maslamani	Himself	Independent Member	Non-Executive
Mr. Mohammad Abdul Monem	Himself	Independent Member	Non-Executive
Mr. Mohammad Abdul Salam	Himself	Independent Member	Non-Executive

## Board Meetings

- The Board held 6 meetings during 2018, complying with the minimum requirement of QFMA's Governance Code (Article 14) and the Company's Article of Association (Article 33).
- All Board meetings were attended of the majority of Members including the Chairman, complying with the Company's Article of Association (Article 33) which states that the Board Meeting shall be deemed valid if attended by at least half of the Board members, under the condition that the number of attendees is not less than 3 members.
- Article 5 of the QFMA's Governance Code highlighted that the Board member must be qualified with sufficient knowledge of administrative matters and relevant experience to perform its duties effectively and must devote enough time to do its job with integrity and transparency to achieve the Company's interest, goals and objectives.
- The Table below table presents the information about Board Meetings held in 2018:

Board Meetings				
No	Board Meeting Ref.	Date	Members attended	Members Absent
1	Meeting 1	27-Mar-18	6	1
2	Meeting 2	29-Apr-18	7	0
3	Meeting 3	8-Aug-18	5	1
4	Meeting 4	28-Oct-18	6	1
5	Meeting 5	13-Nov-18	6	0
6	Meeting 6	17-Dec-18	6	0

## Changes in the Board's directorships during 2018

The resignation of Mr. Khaled Ali Abdullah Al-Mawlawi, dated 28 October 2018, and the board continued with 6 members in accordance with Article 31 of the Articles of Association of the Company.

## Non-executive Board Members

During the year ended 31 December 2018, the majority of the Board members were non-executive members. The Company applies the strict definition of "Non-executive Board member" according to the Code i.e. "Non-executive Board members are those who are not performing





# الشركة القطرية الألمانية للمستلزمات الطبية (ش.م.ع.ق.) Qatari German For Medical Devices Company (Q.P.S.C)

*executive management duties in the Company, who are not dedicated full time and who do not receive monthly or yearly remuneration from the Company other than remuneration received as a Board member."*

## Independence

The Company acknowledges that as per the corporate governance rules, at least one third of the Board members are independent, and exerts its best effort to realize the independence of one third of the Board members.

The current independent Board members are not under the influence of any factor that limits their capacity to deliberate on

Company matters in an unbiased and objective manner based on known and existing facts.

## Prohibition of combining positions

The Board members will refrain from combining prohibited positions, in compliance with Article 7 of the Code.

The Board members provide the Board secretary with an Independence and Conflict of Interest Declaration annually, to declare whether they hold any legally prohibited positions.

## Board's Role

The Board independently oversees the activities of the Company with the objective of sustainable creation of value, considering the interests of the shareholders, its employees and other stakeholders.

The Board members act in good faith and in such a manner, as they reasonably believe, to be in the best interests of the Company. The Directors also:

- Comply with all applicable laws, regulations, confidentiality obligations and other corporate policies of the Company.
- Follow all policies, procedures and internal control systems of the Company.
- Act with honesty, good faith and in the best interests of the Company, and not in the interest of the group it represents, or who voted for him.

The Board commits to complying with the principles of justice and equality among stakeholders without discrimination

among them on basis of race, gender and religion; and transparency.

## Board Duties

The Board independently manages the Company with the objective of sustainable creation of value, considering the interests of the shareholders, its employees and other stakeholders.

- The Board develops the Company's strategy and ensures its implementation.

- The Board ensures that all provisions of law and the Company's internal policies are abided by and works to achieve their compliance by members of the Company (compliance).
- The Board ensures appropriate risk management and risk controls within the Company
- The Board advises regularly, and supervises, the Executive Management of the Company and the General Managers. It must be involved in decisions of fundamental importance to the Company.
- The Board is responsible for issuing and publishing the Board Charter as per the requirement of the Code.
- The Board examines the efficiency of its activities on a regular basis.
- In discharging their duties, the members of the Board act in good faith and exercise the same care and diligence which an ordinary, prudent person would exercise in taking care of his own money under similar circumstances, and reasonably act in the best interest of the Company.
- Members of the Board take reasonable steps to be fully aware of all relevant issues, including engaging in due diligence, and make informed and independent decisions when voting on Company matters. The duty of care also requires the members of the Board to take reasonable steps to monitor the Company's Executive Management and finances.

## Board Members' Duties

All Board members shall comply with the following duties:

- Attending meetings of the Board and committees regularly, and not withdrawing from the Board.
- Ensuring that priority shall be given to the shareholders' interests over their own.
- Providing opinion on strategic matters, project implementation, staff accountability systems, resources, key appointments and operation standards.
- Monitoring the Company's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Company's annual, half yearly and quarterly reports.
- Supervising the development of procedural rules for QGMD governance to ensure their implementation in an optimal manner and in accordance with QFMA's requirements.
- Using their varied skills and experiences with diversified specialties and qualifications through an effective and productive management of the Company, and working to achieve the interests of QGMD, partners, shareholders and other stakeholders.
- Effective participation in the Company's general assemblies, and achieving its members' demands in a balanced and fair manner.
- Disclose financial and trade relations, and litigants, including the judicial, which may impact negatively on carrying out the tasks and functions assigned to them.



The Board members, at the Company's expense, may request an opinion of an independent external consultant on issues relating to any of the Company's affairs.

### Remuneration

No Board remuneration During 2018

## Chairman of the Board

### Responsibilities

The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner by ensuring that the Board discusses all the issues presented to it in a timely manner and approving the agenda of every meeting of the Board and taking into consideration matters proposed.

### Duties

- The Chairman chairs the Board meetings, coordinates work within the Board and attends to the affairs of the Board externally.
- The Chairman is responsible for calling Board meetings and approving their agendas. This may be delegated by the Chairman to the Vice Chairman, a Board Member but remains the Chairman's ultimate responsibility.
- The Chairman of the Board shall regularly maintain contact with the Board, and consult with them on strategy, business development and risk management of the Company. The Chairman of the Board will inform the Board without delay of important events which are essential for the assessment of the situation and development as well as for the management of the Company.

## Board Secretary

The Board Secretary assists the Chairman and all Board members in conducting their duties. His/her principal role is to advise the Board and the Chairman on governance matters that have the potential to affect the Company's operations whilst enhancing the Board's performance through the provision of impartial and relevant advice regarding guidance on Board procedures, legal requirements and other areas of corporate governance, along with developments in international best practice.

During the year 2018, Mrs. Mai Al Baroudi served as Board Secretary, She has more than five years' experience in Qatari Shareholding Companies.



## Board Committees

The Board forms committees with sufficient expertise. The committees serve to increase the efficiency of the Board's work and the handling of complex issues. The nominated committee chairmen report regularly to the Board on the work of their respective committees.

## Audit Committee

- The Audit Committee currently consists of 3 members, complying with the minimum requirement of QFMA's Governance Code (Article 18), elected by the Board for the period 2018-2021.
- The Audit Committee is Chaired by an independent member as highlighted in QFMA's Governance Code (Article 18).
- The Table below table presents information about the current Audit Committee Members (2018-2021)

Name	Representing	Designation	Executive/Non-Executive
Mr. Mohammad Abdul Salam Al-Emadi	Himself	Chairman/ Independent Member	Non-Executive
Mr. Mohammad Abdul Monem Al-Sayed	Himself	Independent Member	Non-Executive
Mr. Saleh Majed Al-Khulaifi	QDB	Member	Non-Executive

The Audit Committee held 6 meetings during 2018, complying with the minimum requirement of QFMA's Governance Code (Article 19).

The Table below table presents the information about Audit Committee Meetings held in 2018:

Audit Committee Meetings				
No	Committee Meeting Ref.	Date	Members attended	Members Absent
1	Meeting 1	16-Jan-18	3	1
2	Meeting 2	21-Mar-18	3	1



3	Meeting 3	24-May-18	3	0
4	Meeting 4	7-Aug-18	3	0
5	Meeting 5	23-Oct-18	2	1
6	Meeting 6	16-Dec-18	2	1

## Nomination & Remuneration Committee

QGMD combined the Nomination Committee and Remuneration Committees in one committee called "Nomination and Remuneration Committee".

The Nomination and Remuneration Committee operated with 2 members since October 2018.

The Board originally elected 3 members including the Committee Chairman who resigned during 2018. However, a third member, Mr. Mohammad Abdul Monem Al-Sayed has been recently elected as the Chairman of the Nomination and Remuneration Committee based on the BOD decision No (9/2019) signed on the 23<sup>rd</sup> of April 2019.

- The Table below table presents information about the current Nomination & Remuneration Committee Members

Name	Representing	Designation	Executive/Non-Executive
Mr. Mohammad Abdul Monem Al-Sayed*	Himself	Independent Member	Non-Executive
Mr. Talal Sabah Al-Abdullah	Qatar Red Crescent	Member	Non-Executive
Mr. Eissa Khaled Al-Maslamani	Himself	Independent Member	Non-Executive

\* This member was elected based on the BOD decision No (9/2019) signed on the 23<sup>rd</sup> of April 2019.

The Nomination and Remuneration Committee held 3 Meetings during 2018. The Table below table presents the information about the Nomination and Remuneration Committee Meetings held in 2018:

Nomination & Remuneration Committee Meetings				
No	Committee Meeting Ref.	Date	Members attended	Members Absent
1	Meeting 1	1-Apr-18	3	0



2	Meeting 2	12-Apr-18	2	1
3	Meeting 3	8-Aug-18	2	0

## Internal Control Systems

Internal control is integral to QGMD activities and helps to ensure attainment of the Company's objectives in terms of operational effectiveness and outcome, the reliability of financial reporting and compliance with relevant laws and regulations.

The Board, Executive Management and other personnel all carry responsibility to develop and maintain sound internal control systems.

## Internal Audit

Internal audit is an important management control tool, which provides the necessary level of reasonable assurance related to the internal control systems.

Internal audit shall be managed by an individual assigned from **Qatar Development bank** with the relevant qualification and experience in financial audit, performance assessment and risk management, and has access to all Company departments.

## External Audit

In accordance with Companies Law and QFMA regulations, the General Assembly of QGMD appoints an external auditor upon the recommendation of the Audit Committee to the Board. The external auditor is appointed on a rolling one-year basis, renewable for a similar period up to a maximum of five consecutive years.

The external auditor appointed shall be registered on QFMA's list of external auditors and must comply with the highest professional standards. The external auditor shall be completely independent from the Company and its Board members and shall not have any conflicts of interest in his/her relation to the Company.

The external auditor shall submit to the General Assembly the external audit report. The auditor or his/her delegate must read the report before the General Assembly and answer the shareholders' questions.

The General Assembly Meeting held on 17 April 2018 appointed Ernst and young to audit QGMD's accounts for the year ended 31 December 2018.

## Shareholders' Rights

Shareholders' rights are protected by the Companies law, the Articles of Association, the Board Charter and the Code.

In accordance with the procedures described in the Articles of Association, the Company makes available the following documents to the shareholders upon request:

- Shareholders' register
- Board member information (available on the website)
- Articles of Association
- Annual Report of the Board submitted to the General Assembly
- Any other document submitted to the General Assembly

### Conflict of Interest and Insider Trading

- Members of the Board and employees may not, in connection with their work, demand nor accept third-party payments or other advantages for themselves or for any other person or grant third parties' unlawful advantages.
- Members of the Board are bound by the company's best interests. No member of the Board may pursue personal interests in his/her decisions or use business opportunities intended for the Company for himself/herself.
- The Board must disclose information relating to insiders' dealings related to the Company without delay unless it is exempted from the disclosure requirement in an individual case.
- All Board members and Executive Management and people who have access to the Company's financial results and obtain remuneration from the Company are prohibited from trading in the company's stock, as per the QSE's bylaws Article 173 which regulate blackout periods.
- The blackout periods are as follows
  - 1st and 3rd quarter: 1 week prior to the quarter-end until the disclosure date of the financial statements
  - 2nd quarter and year-end: between the period of calling the Board meeting and date of disclosure.
- The Board members shall sign an annual independence and conflict of interest declaration form to confirm that they are responsible for disclosing to the Board any conflicts of interest that exist or is likely to exist with QGMD and disclose their trading in the Company's securities as well as the trading of their spouses and minor children.
- The Board members completed and signed the independence and conflict of interest declaration form for the year 2018.

### List of Board Members' Share ownership



Name	Representing	Designation	Share Ownership
Mr. Hamad Khamis Al-Kubaisi	QDB	Chairman	10%
Mr. Talal Sabah Al-Abdullah	Qatar Red Crescent Society	Vice Chairman	0.36%
Mr. Saleh Majed Al-Khulaifi	QDB	Member	10%
Mr. Eissa Khaled Al-Maslamani	Himself	Independent Member	-
Mr. Mohammad Abdul Monem Al-Sayed	Himself	Independent Member	-
Mr. Mohammad Abdul Salam Al-Emadi	Himself	Independent Member	-

### QGMD's Capital

The current share capital for the company is QR 115,500,000 and the share price is QR 10. The Company's capital structure is disclosed in the Company's financial statements as well as on the Qatar Exchange website and the company's website. In accordance with the company's Article of Association, the company's shareholding ceiling is 25% of the total number of shares. The company receives a monthly Shareholders register from Qatar Central Securities Depository (QCSD). According to the information obtained from QCSD on 31 December 2018, no shareholder exceeds the limit of 25%.

### Disputes and Lawsuits

A legal warning letter dated 18-March-2018 was received from Aisha Saad Nasser Abdullah Attorneys & Legal Consultants Office on the behalf of "Bureau Veritas Qatar", In which a warning to QGMD to settle Invoice No: 16005058 dated 29- November-2016 amount QR 90,000, no later than on the 25-March-2018. To which QGMD responded with a letter reference: FA-2018-006-GEN on 22-March-2018 stating the reason for not settling the mentioned invoice.

  
Hamad Khamis Al Kubaisi

Chairman  
Qatari German for Medical Devices Company