

# REMUNERATION POLICY

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# 1. DEFINITIONS

In the application of this manual, the following words and phrases shall have the meaning given to them hereunder, unless the context requires otherwise:

<b>State</b>	: State of Qatar.
<b>The Company</b>	: Qatari Investors Group (QIG) and all its subsidiaries and affiliates.
<b>AKCC</b>	: Alkhalij Cement Company which is a subsidiary of The Company.
<b>BoD</b>	: Board of Directors of The Company.
<b>Chairman</b>	: Chairman of the Board of The Company.
<b>Non-Executive Board Member(s)</b>	: Board members who do not have a full-time management position at The Company or who do not receive a wage.
<b>Independent Board Member(s)</b>	: Board members who have complete independence.
<b>BoD Member(s)</b>	: Members of the BoD including Chairman, Non-Executive Board Member(s) and Independent Board Member(s).
<b>MD</b>	: Managing Director of The Company and/or any of its subsidiaries and whose appointment was confirmed by the Board and may or may not be a BoD Member(s).
<b>Top Management</b>	: The Chairman and MD or other Non-Executive Board Member(s) assigned by the Board to oversee the day-to-day management of the executive apparatus of The Company and who have specific executive authorities delegated by the Board and reflected on The Company approved DoA. In the interest of clarity, and to assure compliance, Top Management is not a position, fulltime or other, within the organization structure of The Company.
<b>Executive Management</b>	: The Chief Executive Officer and/or other Executive manager(s) directly reporting to him and includes, but not limited to, the Heads/Managers of Internal Audit, Legal and Risk and Compliance Departments.
<b>HR</b>	: Human Resources
<b>HRAM</b>	: Human Resources and Administration Manager
<b>ESB</b>	: End of Service Benefit
<b>DoA</b>	: Delegation of Authority at The Company as approved by the Board.
<b>RP</b>	: Resident Permit
<b>Employee(s)</b>	: Any person employed by The Company under its approved HR policy and Qatari Labour Law and is compensated in accordance in this policy including but not limited to the CEO and Executive Management.
<b>ICC Committee</b>	: Internal Control and Compliance Committee
<b>NRC</b>	: Nomination and Remuneration Committee – As outlined in the in the Governance Code for Companies & Legal Entities Listed on the Main Market Issued by the QFMA's Board pursuant to Decision No. (5) of 2016 and in particular Article No (18-1, 18-2) with regards to the responsibilities and Article No (19) with regards to The Company discretion to merge the two functions of the committees.

## 2. INTRODUCTION

This documents defines The Company's intent to –

- Set clear guidelines for BoD remuneration in compliance with all relevant statutory requirements.
- Provide fair and equitable remunerations policies that will attract, retain and motivate talented employees.
- Assure compliance with all relevant statutory requirements;
- Provide a clear and sound remuneration policy based on best-practice guidelines for remuneration, incentives and welfare packages to Employee(s) at the most competitive levels.

### 2.1. Objectives

The objective of this policy is to translate The Company's compensation and remuneration philosophy into practical policies for the effective management of the human resources at various levels in terms of talent acquisition and retention while assuring compliance, fairness and objectivity. This policy also aims to:

- Defines and clarify the remuneration schemes applied at the various levels at The Company.
- Set the policy guidelines for Board Remuneration to assure compliance fairness and transparency.
- Together with the applicable approved HR policy, serves as the guide for the HR function concerning all aspects of remuneration within The Company.
- Assures objectivity, fairness and uniformity while safe guarding The Company's interests with regards to remuneration and association of pay with achievement of objectives and realization of intended results and outcomes.
- Provides clear, fair and objective job grading and salary scales that enables the recruitment of talent, and facilitates development and supports retention.
- Assures compliance with all applicable statutory requirements.
- Provides an easy, reliable and transparent source of reference for all remuneration policies and procedures,
- Provides clear ease, transparent, and fair rules for placing existing employees in accordance with this policy and the applicable norms thereafter.
- The policy will thus serve as a tool to organize the relationship between The Company and its Employee(s) with regards to remunerations issues, and its benefits will be realized only once it is implemented and maintained as originally envisaged.

### 2.2. Overview

This document defines the policy for fair and effective remuneration practices to be applied at The Company and is designed in accordance and compliance with:

- Local, regional and international best practices, and Qatari Labour Law and all relevant regulations and laws.
- QFMA's Board pursuant to Decision No. (5) of 2016, with regards to the Governance Code for Companies & Legal Entities Listed on the Main Market

In summary, this document provides a reference guide for the written remuneration policies and procedures to be followed at The Company and is intended to be an "evolving" document, evolving with the needs and growth of business. The Remuneration Policy is subject to be amended, altered or withdrawn by The Company at its sole discretion.

### 2.3. Administration of the Manual

The scope of implementing the policy and procedures is within the jurisdiction of the HRAM and HR team. The implementation is overseen by NRC and Top Management. All other Departments and entities within The Company are also responsible for coordinating on the implementation of the policies contained within. Further reference must be made to the levels of authority defined on the DoA.

Any exceptions to the guiding principles in this policy will be reviewed by the HRAM, endorsed by the Executive Management and/or NRC, and approved by Top Management.

The policy mentioned herein will be subject to regular reviews and updates as appropriate arising from changes to the business strategy and operating environment at any particular time. HRAM is responsible for ensuring that this policy is updated to reflect revisions and any approved changes thereof.

### 2.4. Effectiveness of Policy

To assess the effectiveness of the policies contained in this document, the following key policy effectiveness indicators will be monitored:

- Alignment to business needs of The Company – assessed through a questionnaire to Executive Management.

- Clarity to end user and implementation issues - assessed through a questionnaire to selected end users from across the organization.
- Review of any other relevant reports and indicators (e.g. Retention rates etc.)

The result of the key policy effectiveness indicators will be discussed with the ICC Committee and HR meetings, and presented to the NRC and Top Management for consideration and directives for possible policy development.

## 2.5. Maintenance of the Policy

In order to ensure the policy referred to is the current version, the policy will be maintained in a central electronic repository on The Company's IT network and the following guidelines for use and maintenance will apply:

- Any Section of the policy or the policy in totality, if printed, will automatically assume an "un-maintained" status and the user of hard copy of the policy will assume full responsibility for resultant non-compliance to policies in the event of changes made to the version held on the central electronic repository.
- All changes in the policy will be authorized by the Top Management. The HRAM will implement the changes.
- Changes to the policy will be monitored and controlled through a version control numbering system. The policy when first released in the electronic repository will bear the version number V1\_Month of release Year of release. Subsequent amendments will be numbered V2\_Month of amendment Year of amendment, V3\_Month of amendment Year of amendment and so on.
- The IT Department will be responsible for the creation and regular back up of the policy repository. The procedures for back up of the repository will be consistent with that of the procedure followed with respect to The Company business data.
- The policy will be stored in a separate folder within the policy repository. Access to the repository will be regulated by the HR function depending on the end-user needs.
- Access to the policy will be restricted to "read only" for all end - users to prevent unauthorized modification of the manual.

Certain contents of the policy are confidential and are meant for internal use only. Under no circumstances may the contents of this policy be revealed to third parties without a written permission from the HRAM. However, certain sections will be incorporated into the Employee Handbook as well as on the The Company Intranet, with the intention of helping all employees to get familiar with the policies as described herein.

## 2.6. Amendments to the Policy

Any amendment to the policy will be conducted through a policy review process to be initiated by the HRAM or the NRC based on the policy effectiveness indicators, specific NRC and/or Top Management directives and following the process as follows:-

- The HRAM will conduct the necessary review, present the changes to the ICC Committee, and submitted to NRC.
- NRC will review the amendments and present to the BoD for approval.

## 2.7. Limitations to the Policy

This policy does not cover the following:

- Samples of forms need to administer policy articles.
- Detailed procedures for administration of individual policy articles.

### **3. BoD Remuneration principles and criteria**

The principles and criteria of the remuneration policy of the BoD Member(s) are periodically reviewed by the NRC and the BoD within the frame of their respective authorities, in order to align the remuneration policy of The Company with the best practice, market trends and in compliance with QFMA to facilitate proactive engagement and effective and productive performance.

BoD Member(s) remuneration for exercising their supervision and decision-making functions is based on the following general principles:

- The remuneration must be sufficient and conform to the Boards' dedication, qualification and responsibilities but it must not compromise the BoD's independent criteria.
- The remuneration must be appropriate for attracting and retaining the talented profiles desired by The Company.
- The remuneration must be competitive, which is achieved by establishing a remuneration package in line with market standards within comparable sectors and companies.

The remuneration for the Top Management for exercising his functions is based on the following principles:

- Making sure that the compensation package can attract, retain and motivate talented professionals.
- Maintaining an annual variable remuneration linked to individual performance and the overall performance of The Company with regards to the achievement of defined individuals and/or organization objectives respectively.
- Remuneration based on sustained creation of value over time. Therefore, remuneration includes long-term variable components encouraging achievement of the targets in a sustainable way over time and retention of key personnel.

#### **3.1. BoD REMUNERATION**

The remuneration policy for BoD Member(s) reflects the interests of the shareholders and The Company, taking into consideration any specific matters, including the assignments and the responsibilities undertaken. In addition, the remuneration policy helps promote long-term goals for safeguarding The Company's interests

BoD Member(s) receive annual bonus in accordance with this policy and shall not exceed 5% of The Company's net profit after deduction of reserves, legal deductions, and distribution of the dividends (in cash and in kind) to shareholders as stated in Article 18.2 of The QFMA's Board Decision No. (5) Of 2016 and its relevant amendments thereafter.

The remuneration of BOD for the intended financial year will be proposed by Finance department to NRC. The NRC will review and present to The Chairman for his consideration and endorsement of the proposal. The endorse proposal for the Board for annual bonus will be presented in the annual general assembly meeting for approval.

The NRC will be responsible for presenting recommendation to the BoD concerning the remuneration of the BoD Member(s) in line with this manual.

The remuneration policy for the BoD is set and will be periodically reviewed in compliance with rules and regulations established by QFMA and all other applicable statutory requirements.

#### **3.2. TOP MANAGEMENT REMUNERATION**

Top Management may be awarded a fixed monthly remuneration(s) set by the BoD to compensate them for the time and effort they exert in carrying out their respective assigned duties.

The determination of the remuneration for each member of the Top Management will be proposed by the NRC taking into account the respective duties and responsibilities attributed to each the assigned objectives and delegated authorities etc.

The BoD will review and approve the NRC proposal for Top Management monthly remuneration and will be administered and recorded on monthly basis by the Finance Department at The Company and not as part of the main Employee(s) monthly payroll.

Top Management are also entitled to receiving annual Bonus as part of BoD remuneration policy.

### **4. EXECUTIVE MANAGEMENT REMUNERATION**

Executive Management are Employee(s) recruited as per the approved HR policy into executive leadership positions as defined in the approved organization structure of The Company.

The nomination for the appointment into any Executive Management position is done by the NRC and approved by the BoD.

As Employee(s), Executive Management remuneration is defined as per their respective job Grades as outlined in Section (4) of this policy (Employee(s) remuneration policy).

The Top Management will determine the remuneration of the Executive Management in accordance with Section (4) of this policy (Employee(s) remuneration policy).

## 5. EMPLOYEE(S) ANNUAL BONUS

At the Top Management discretion Employee(s) may be awarded an Annual Bonus in recognition of their individual and The Company's performance. The Employee(s) performance is expressed in terms of their corresponding Rating on their annual performance appraisals.

HR will prepare the summary report based on the performance appraisal of each year and propose the Bonus factor for each performance rating and the total Bonus to Top Management for review and approval.

The HRAM will deploy the following guidelines for the minimum factor for each performance rating and those ratings which are not entitled to be included in the annual Bonus when preparing the proposal for the Bonus Factor as follows:

Performance Rating	Minimum Employee(s) Annual Bonus Factor
Outstanding	100%
Above Expectations	75%
Meets Expectations	50%
Below Expectations	Not eligible
Unsatisfactory	Not eligible

The Top Management sets the Bonus Factor of Basic Salary for Employee(s) and Executive Management, individually or collectively, in conjunction with individual's performance rating.

The HRAM applies the approved Bonus factor to calculate the proposed bonus pay for each Employee(s), including Executive Management members as per the equation below:

$$\text{Employee(s) Annual Bonus} = (\text{Basic Salary at the year-end}) \times (\text{Approved Bonus Factor of Basic Salary corresponding to Employee(s) performance rating})$$

Employees on probation as of 31<sup>st</sup> of December, who are subject to Probation Performance review process, will not be included in Annual Performance Appraisal process, hence will not be eligible Employee(s) Annual Bonus.

Employee who completed their probation period as of 31<sup>st</sup> of December but not completed one year service with Company, shall be prorated based with actual Bonus factor.

In the interest of clarity, the granting of Annual Bonus is discretionary and subject to Top Management and BoD approval.



## 6. EMPLOYEE(S) COMPENSATION POLICY.

### 6.1. Introduction

This policy is applicable for all Employee(s) of The Company. It provides details of the classification of jobs, Basic Salary scale and benefits structure for The Company.

The salary scale and benefits structure is based on local market compensation levels and practices. It is designed to ensure that The Company achieves a competitive edge in its remuneration scheme to ensure that it attracts, retains, deploys and motivates required talented Employee(s). This compensation manual shall be reviewed from time to time and its implementation is guided by The Company's overall HR policies and other directives as may be provided by the Top Management at the time.

All Employee(s) employed by or for The Company, prior to the approval of this policy, will be placed in accordance with it following the Placement Rules as stated below:

### 6.2. Placement Rules:

1. The existing Employee(s) must have the Minimum Qualification for the grade they are placed on. No exception will be made for not having the minimum qualification required for the grade.
2. Placement is done in accordance with the information and documents available in the Employee(s) file as submitted at the time of joining or thereafter as prompted/provided.
3. Current Employee(s) may be exempted from the minimum number of years of experience required for placement on the specific job grade. All new recruits must have the Minimum Qualification and years of experience set for the grade.
4. Placement will only be done for positions on the approved organization structure and manpower plan for the department at the time of placement, no positions will be created outside the approved structure just to place an employee.
5. Those exempted from the minimum number of years of experience required for the grade they are placed on, will not be promoted to higher grades unless they fulfill the minimum requirements stated for that grade.
6. Employee(s) receiving a higher Basic Salary as part of their attested contract, will retain their basic salary on personnel basis as an exception.
7. HR will strive to maintain the total salaries of Active Employee(s) at the time of placement, such that the Net salary will not change before and after placement.
8. Those whose Basic Salaries are greater than the max point for the grade, they are placed on will retain their basic salary on personnel basis as an exception.
9. Those who retain Basic Salaries outside the Max point for the grades their placed on, will be suspended from any types of salary Increments in the future until they are promoted to higher position in the future.
10. The Company will strive to avoid any reduction in total salary as a result of the Placement. The Special Allowance on (Article 5.5.6) and/or offering equivalent allowances on Non-Cash basis (Transportation, Housing etc.) to minimize such cases
11. Those who do not have the academic qualification required for their function and/or there is no other suitable approved position that they can be placed on, will be terminated in accordance to the QLL.

The HRAM will apply the above Placement Rules on all active Employee(s) at the time of approval of this policy and submit the placement report to Top Management for approval. The Placement Report will include the effective date of implementation and upon its approval, the HRAM will officially communicate the approved outcomes to the relevant Employee(s).