



## **Mannai Corporation Q.P.S.C**

### **Compliance Management Framework**

#### **Document Version History**

<b>Version No.</b>	<b>Implemented by</b>	<b>Revision / adoption date</b>	<b>Approved by</b>	<b>Reasons</b>
1 (Current version)	Management	27 Feb 2020	- Management - Audit Committee - Board of Directors	Application of Governance Code

#### **Introduction & Responsibility**

The Framework is intended to brief on the Compliance including a specialized approach to identify risk, as well as designing and implementing internal controls, which together reduce the risk of failure to comply with relevant laws and regulations. Further, the Framework elaborates distribution of roles and responsibilities between the different functions, such as the management, legal department, internal audit, risk management and compliance.

Compliance refers to conformity with both external and internal laws and regulations. Compliance is a line management responsibility reporting ultimately to executive management.

The compliance function helps line management develop and implement an effective system of internal control in order to **manage the risk of violating external and internal laws and regulations** (compliance risk).

The compliance function has a preventive, advisory and supervisory role, with particular emphasis on:

- Facilitating the effective identification of risk of violation of relevant requirements, such as compliance with: - laws and regulations applicable on Mannai – Internal regulations – Covenants included in the Borrowings – other areas deemed appropriate by Compliance Function in collaboration with the management and Audit Committee, as well as providing advice on risk reduction measures.
- Developing and facilitating the implementation of internal controls that will provide protection from compliance risk.
- Monitoring and reporting on the effectiveness of control measures.
- Providing the business with advice about acceptable behavior and practices in relation to the interpretation of external and internal rules.
- Monitoring relevant regulatory developments within the compliance function’s areas of responsibility.

- Ensuring awareness and training.

### **The Three Lines of Defense and segregation of duties**

**The first line of defense** owns and manages operational risk, therefore ensure the adequacy of internal control performed by employees. This entails, amongst other things, implementing measures in order to ensure that their activities comply with external and internal requirements. The daily operational control activities are typically performed by staff in this line within limits established by operational management.

**The second line of defense** monitors, guides and helps to improve and report on the first line controls. The second line has internal control at its core. It is management's responsibility to establish various control functions in order to help design and / or monitor the controls that are carried out by the first line. The control activities in the second line are, performed by **finance, compliance, risk management and Health and Safety**.

**The third line of defense** is performed by **internal audit**, and provides greater degree of independent and objective assurance. Internal audit evaluate whether processes for governance and control are appropriate and whether internal control functions as intended, including whether the first and second lines of defense are working efficiently and effectively, and are contributing to the organization's achievement of its goals.

### **Management's commitment**

The board of directors is responsible for ensuring that the organization operates in accordance with laws and regulations. The QFMA Corporate Governance Code requires the Board to set policies and procedures to ensure the Company's compliance with the laws and regulations.

Management is responsible for establishing appropriate risk management and internal controls based upon the guidelines and risk appetite determined by the board.

### **Reporting and independence**

The compliance function is delegated to CFO and reports directly to the CEO. This allows it to discharge its responsibilities whilst at the same time safeguarding its independence from line management.

The compliance function submits annual report to the Audit Committee of the board, and on other occasions, as required.

The compliance function have access to the required information in order to perform monitoring of activities and discharge its responsibilities in a satisfactory manner.

## **METHODOLOGY: COMPLIANCE FUNCTION'S KEY ACTIVITIES**

### **1. Risk methodology**

For the effective and appropriate execution of the compliance role, including the prioritization of tasks and use of resources, the compliance function should apply a risk-based approach. Risk assessments are a prerequisite for a compliance program.

A periodic compliance plan / action plan should be created, based on the outcome of the risk assessment. A risk-based plan is a necessary tool for the effective management of compliance risk. The plan should provide an overview of all activities and tasks to be undertaken during the period related to the prevention / reduction of compliance risk. The plan must be approved by the Audit Committee and management.

## **2. Governance framework**

The compliance function should be a driving force in ensuring that the business establishes and maintains governing documents for high risk areas. Governing documents and frameworks must be subject to regular reviews and updates.

## **3. Tone at the top, communication and training**

By including topics related to risk management, internal control and compliance on the agenda in management meetings and by their monitoring of their respective responsibilities generally, management, both top and middle management, set the standard for the organization's compliance work.

The compliance function should develop and maintain material and plans for training of employees, and contractors in the relevant external and internal regulations.

## **4. Background checks (Integrity Due diligence)**

IDD is the examination and assessment of business partners, including ownership and key personnel, in order to obtain reasonable assurance of their integrity and business ethics. Collaboration with business partners, agents, investees, suppliers, contractors, service providers, customers, etc. may put the organization at risk of being involved in corruption / bribery or other forms of financial crime. Examples are tax evasion, money laundering / terror financing or social dumping, which could lead to accusations of complicity and / or loss of reputation.

## **5. Registering deviations / reporting loss events**

The compliance function should facilitate the reporting of loss events and deviations from regulatory requirements. A system should be created that provides an overview of any violations or suspected violations of laws, regulations and internal policies. The objective will be, amongst others things, to identify whether individual incidents / deviations have been caused by a random error or whether they are more systematic in nature, and whether the errors are the result of conscious or unconscious decisions.

## **6. Monitoring and evaluation**

The compliance function should monitor and evaluate the effectiveness of the line management's internal controls ensuring compliance with relevant laws, regulations and internal rules. This will help to determine whether policies and procedures are designed effectively, whether they are in compliance with applicable regulatory requirements and whether they are carried out in practice. In addition to ongoing monitoring, relevant methods for monitoring and evaluation may include audits, random tests, questionnaires, interviews or inclusion in employee surveys.

## **7. Documentation**

Documentation of control activities and measures, including risk assessments, incidents, routine deviations, training etc., should ensure traceability and verifiability as well as evidence of the action taken, and, by implication, of the action not taken to prevent or manage compliance risk.

## **8. Reporting**

Reporting should provide management and the Audit Committee with relevant and accurate information about matters that are defined as within the compliance function's areas of responsibility.

The reports form the basis for the assessment of internal control and assessment of the need for any measures.

Reporting matters may include:

- Significant regulatory changes.
- Assessment of the risk of violation of laws and regulations/ compliance risk.
- Measures taken to reduce the risk of violation of laws and regulations.
- The status of compliance in priority areas - the results of monitoring and evaluation activities.
- Violations of rules and regulations / loss incidents.
- Reports from supervisory bodies.
- Measures for responding to internal audit reports or investigations.
- Any other matters advised by management / Audit Committee.

#### **Approvals**

Alekh Grewal Group CEO & Director	
Ewan Cameron Group CFO	
Sheikh Khalifa Bin Abdulla Al Thani Chairman – Audit Committee	
Sheikh Suhaim Bin Abdulla Al Thani On behalf of Board of Directors	