



Corporate Governance Practical Guidance

DRAFT FOR CONSULTATION

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September 8 2014

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Message from Gautam Sashittal, Chief Executive Officer - DMCC:



Dear DMCC members,

DMCC is constantly endeavouring to deliver the greatest long term benefits to our member companies.

For that reason, I am excited to launch the **DMCC Corporate Governance - Practical Guidance**. Together with Hawkamah the Institute For Corporate Governance, we have developed this guidance because we believe it will enable our members to be better governed and more successful.

DMCC takes its regulatory role seriously. Compliance can be achieved in many ways. The best way, in our opinion, occurs when a company voluntarily commits to conduct their business in a way that is wholly consistent with a framework of good corporate governance. Such an approach creates the opportunity for a relationship of trust between regulator and its member.

Aside from the business benefits that will accrue from following this guidance, DMCC makes an additional commitment to our members. In 2015 we will invite our members for voluntary assessment against the DMCC Corporate Governance practical guidance. Those that attain the basic level of Corporate Governance or greater will qualify for automatic license renewal and a reduced level of DMCC inspection.

Theory is often interesting. But lets get practical! Most of our members are busy entrepreneurs focused on securing the future of their businesses. For that reason DMCC has invested our time in creating a clear linkage between theory and practice, so that our member stay focused where its needed.

The guidance is presented as a set of questions covering five major pillars;

- Commitment to Corporate Governance,
- Structure and Functioning of the Board/the Governing body,
- Control Environment,
- Transparency and Disclosure, and
- Shareholders and Stakeholders Rights

The questions are supported by a range of **practical tools and templates** that our members can use as is, or adapt to suit their business needs.

In addition, we have developed a **self-assessment survey** that our members can complete, and receive a full report. The report is private and confidential, and its sole purpose is for our members to evaluate their own status against the Corporate Governance Practical Guidance.

The **Performance Improvement Plan** is made available to support those members who want to improve. The extent to which our members adopt the guidance is entirely up to them.

I trust that you will find the Practical Guidance helpful. We remain committed to continuously improving it.

Yours sincerely,
Gautam Sashittal

Introduction and Message From Hawkamah:



Corporate governance has become an increasingly important factor when assessing the investment climate in any Country. Effective corporate governance practices are required to maintain the integrity of businesses, financial institutions and markets. Hence, good corporate governance (CG) is essential for the health and stability of companies and for the economy as a whole.

Hawkamah, the Institute For Corporate Governance is honoured to be chosen as a partner by DMCC to jointly develop this Corporate Governance Practical Guidance (The “Guidance”) and to work together on improving CG Practices of DMCC members.

The majority of entities registered with DMCC are small and medium enterprises. However, there are some large companies operating locally as well as internationally that are registered with DMCC. Therefore, we have developed two separate Corporate Governance Progression Matrices, one specifically for single member/director companies and a second one for companies with more than one director and shareholder.

The Guidance has been developed after taking into account International best practices for corporate governance of single member/director companies as well as companies with more than one director and shareholder and were then tailored to suite the specific requirements of DMCC registered companies.

The Corporate Governance Codes, Rules, Guidelines, Regulations and Matrices considered while drafting these Matrices include, but are not limited to, the following:

- IFC Corporate Governance Progression Matrices
- Corporate Governance Code For Small and Medium Enterprises Dubai 2011
- Austrian Code of Corporate Governance 2010
- Framework Code of Good Corporate Governance For Small And Medium Size Enterprises- Columbia
- Corporate Governance Code for Companies Listed in Markets Regulated by the Qatar Financial Markets Authority 2009
- Draft Directive of the European Parliament and of The Council On Single-Member Private Limited Liability Companies 2014
- King Code of Governance for South Africa 2009
- Securities and Exchange Commission of Pakistan Single Member Companies Rules 2003
- Guidelines on Corporate Governance for SMEs in Hong Kong 2009

- The UK Corporate Governance Code 2010
- Corporate Governance Guidance and Principles for Unlisted Companies in Europe- An initiative of the European Confederation of Directors' Associations (ecoDa)
- Buysse Code Corporate governance Recommendations for Non-Listed Enterprises
- The Corporate Governance Code of the Kingdom of Bahrain
- The Global Reporting Initiative
- DMCCA Company Regulations 2003
- DMCCA Free Zones Rules and Regulations 2012

The Guidance lays down the basic attributes of corporate governance showing the level of progression in corporate governance with respect to each of these attributes. The purpose of the guidance is to provide yardsticks for companies to compare and contrast their existing corporate governance frameworks with the various levels mentioned under the attributes.

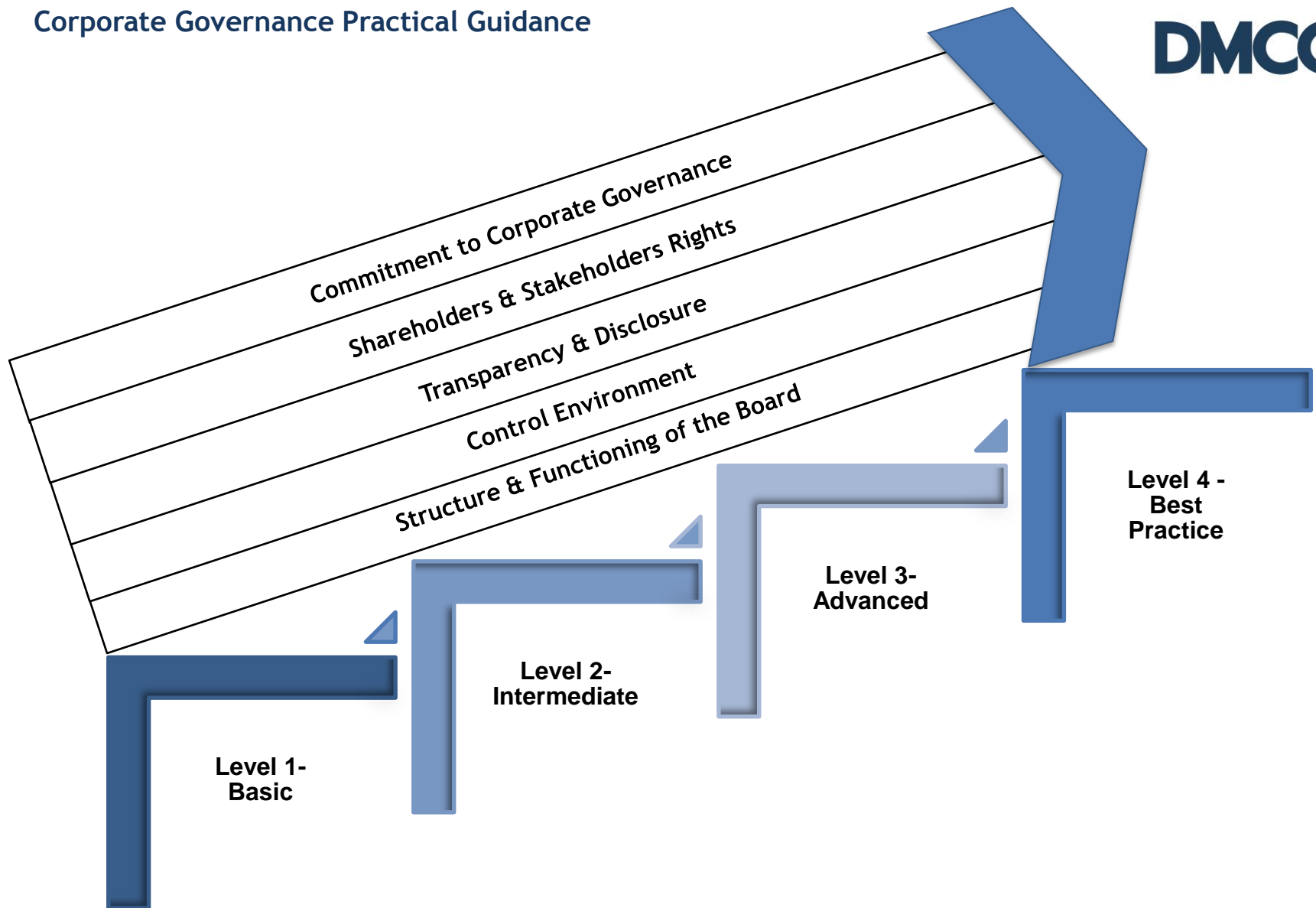
There are four levels provided in the Guidance, with level 1 being the lowest and level 4 being the highest level of corporate governance, reflecting the entities corporate governance journey from the most basic level to the advanced one.

Please note that there is no “one-size-fits-all” approach to corporate governance and that each company is unique and needs to develop its governance framework in a way which works best for it. However, the Guidance has been developed to be general enough to cover a wide range of businesses and companies and yet detailed enough for companies to be able to identify how its specific Corporate Governance frameworks fit within the attributes and levels mentioned.

Corporate governance is a journey and not a destination. This Guidance in its current version is intended to be the subject of further consultation with the relevant stakeholders and is designed to continuously evolve and improve.

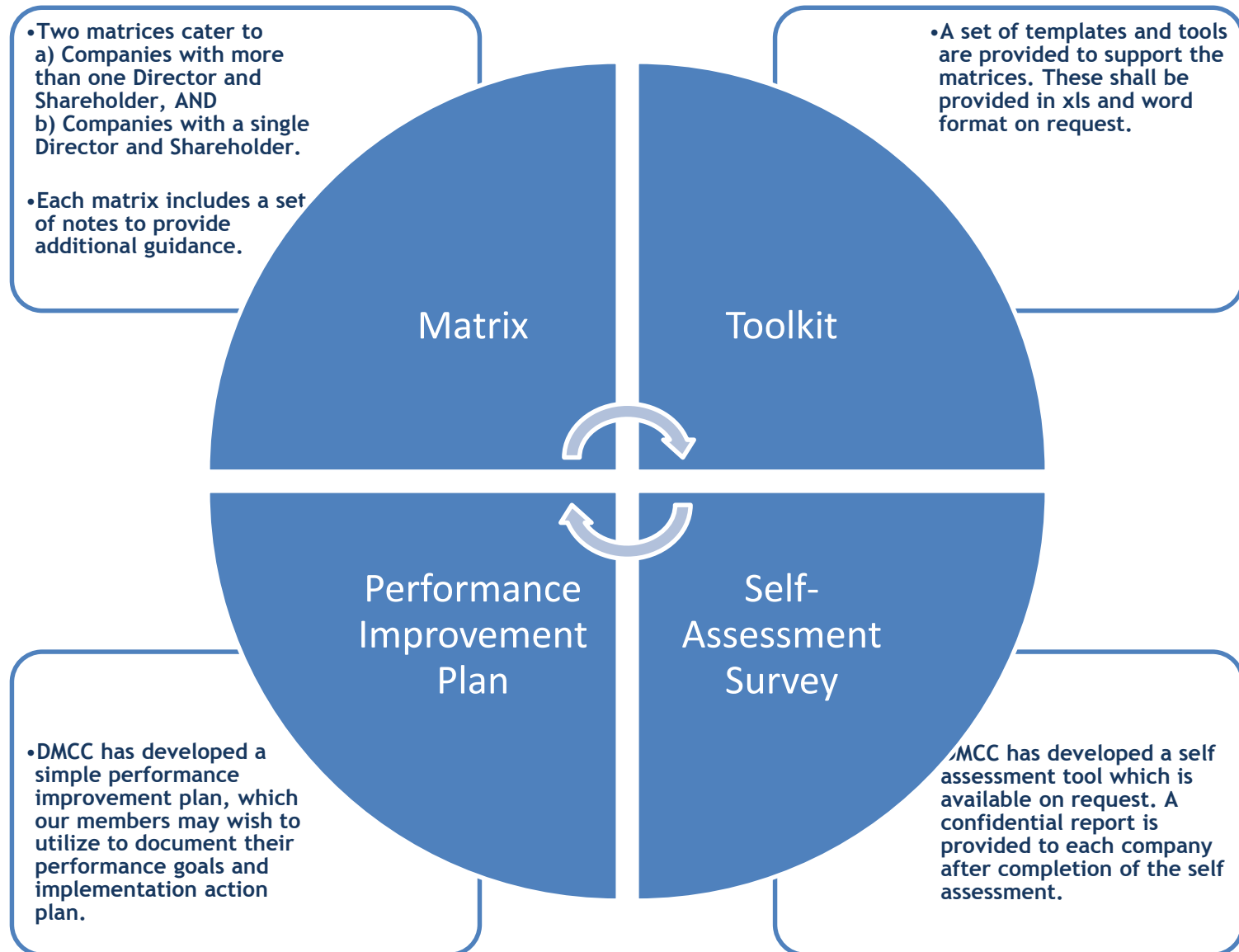
Yours sincerely,

Dr. Ashraf Gamal
CEO
Hawkamah

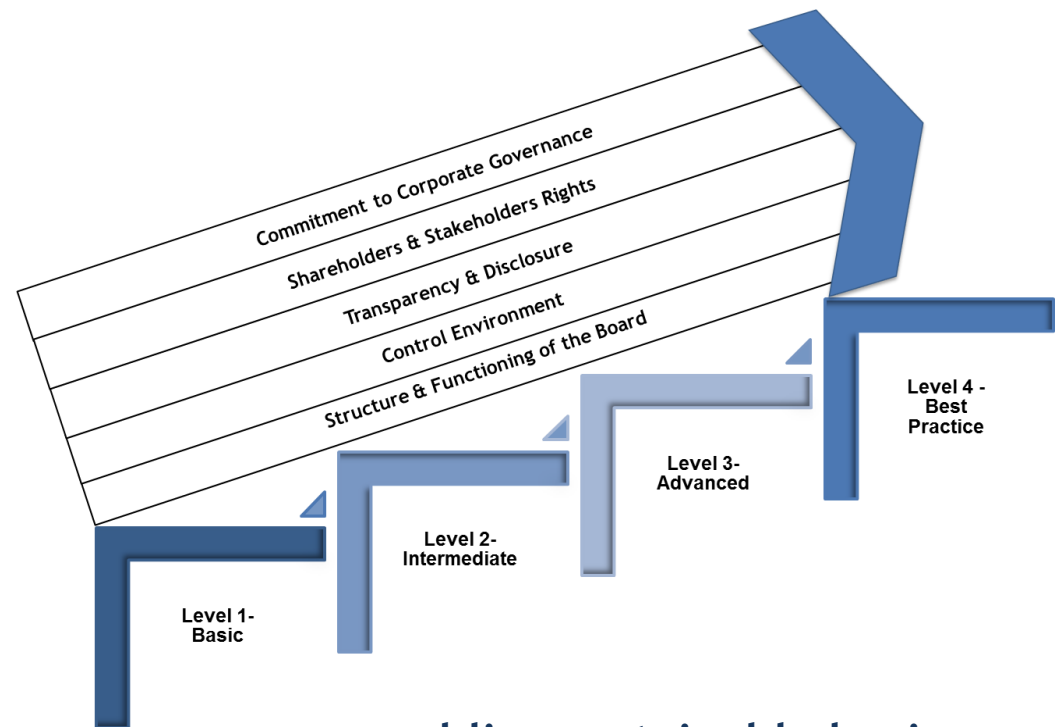


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There are four main elements in the Practical Guidance, as shown below:



For Companies with more than one director and shareholder



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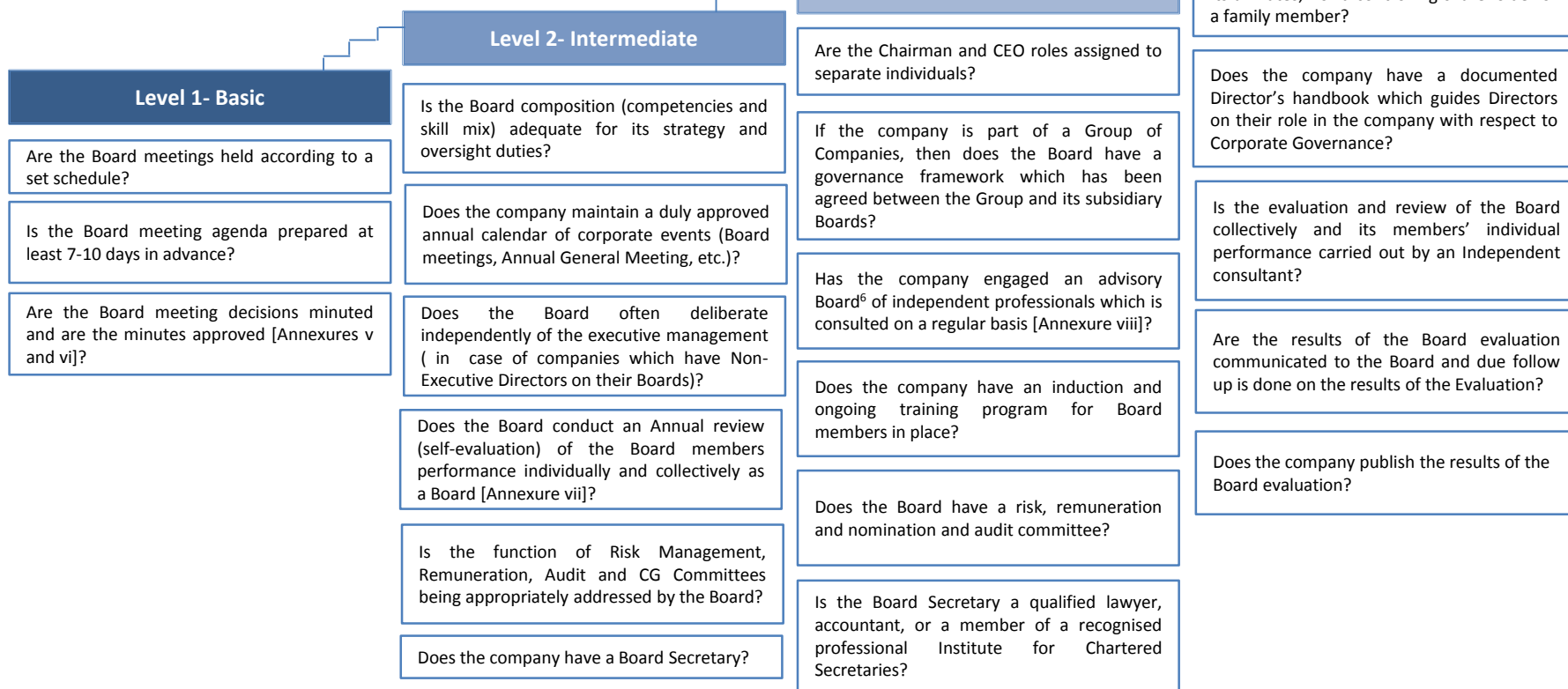
Corporate Governance Practical Guidance for Companies with more than one Director and Shareholder



**Building the foundation of compliance with laws and ethical business practices, using documented frameworks to delegate authority.
...enabling sustainable business.**



Corporate Governance Practical Guidance for Companies with more than one Director and Shareholder



Ensuring you have the right people,
with the right skills to make sound
strategic decisions and document
them.

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Level 1- Basic

Does the company have appropriate systems of internal control in place [Annexure ix]?

Has the company's Board assessed the requirement of having a separate internal audit function in place?

Is the internal audit function outsourced? If yes, then was the appointment of the provider reviewed by the Audit Committee?

Are the company's annual financial statements audited in accordance with International Standards on Auditing?

Are the company's annual financial statements audited by independent external auditors and approved at Shareholders' Annual General Meeting (AGM)?

Does the Board monitor the company's risk management and compliance policies and procedures [Annexure x]?

Has the company approached or been called by the DMCC Mediation team?

Level 2- Intermediate

Are the company's internal control systems duly documented and include IT controls?

Are the company's internal control systems periodically reviewed?

Does the company have a comprehensive compliance program designed to assess the effectiveness of the control environment?

Is the compliance program reviewed annually?

Does the company maintain a risk register which the Board regularly reviews [Annexure xi]?

Are the employees aware of the company's risk management policies and procedures?

Is the company's external auditor licensed to conduct external audit by the Dubai Economic Department and/or DMCC?

Level 3- Advanced

Is the company's risk management plan integrated in the daily activities of the company?

Does the company have a Chief Risk Officer?

Is risk-based internal audit carried out?

Does internal audit provide a written assessment of the effectiveness of the system of internal controls and risk management to the Board?

Does the Audit Committee meet as often as is necessary to fulfil its functions (but at least four times a year)?

Does the Audit Committee meet with internal and external auditors at least once a year without management being present?

Does the Audit Committee review the audit plans of the internal auditor?

Does the Audit Committee review the adequacy of training and expertise of internal audit?

Does the induction and ongoing training programme of the Board incorporate risk governance?

Does the company have an IT Governance policy in place?

Level 4- Best Practice

Does the company have a defined policy addressing the nature, extent and terms under which the external auditor may perform non-audit services to the company?

Does the Audit Committee engage subject matter experts as and when necessary in accordance with duly documented policies and procedures?

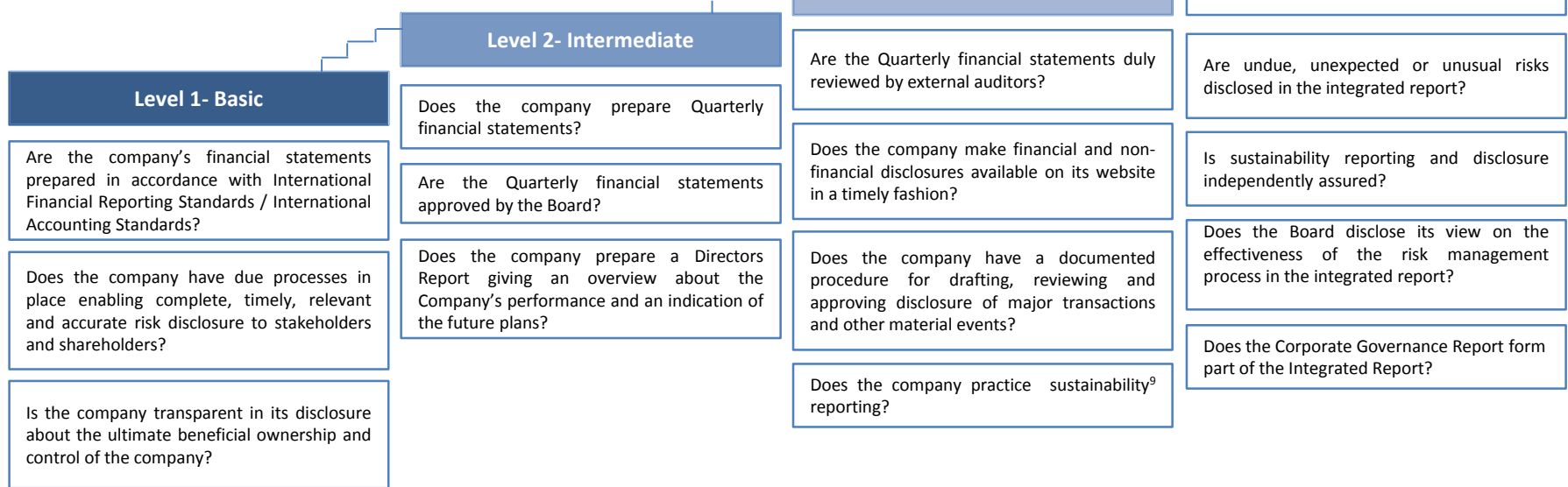
Does the Audit Committee perform an annual review of the finance function?

Is the Chairman of the Audit Committee Independent?

Are the company's internal control, internal audit and external audit practices in accordance with international standards?

Analysing risks and developing a system of controls to prevent unexpected and undesired outcomes.

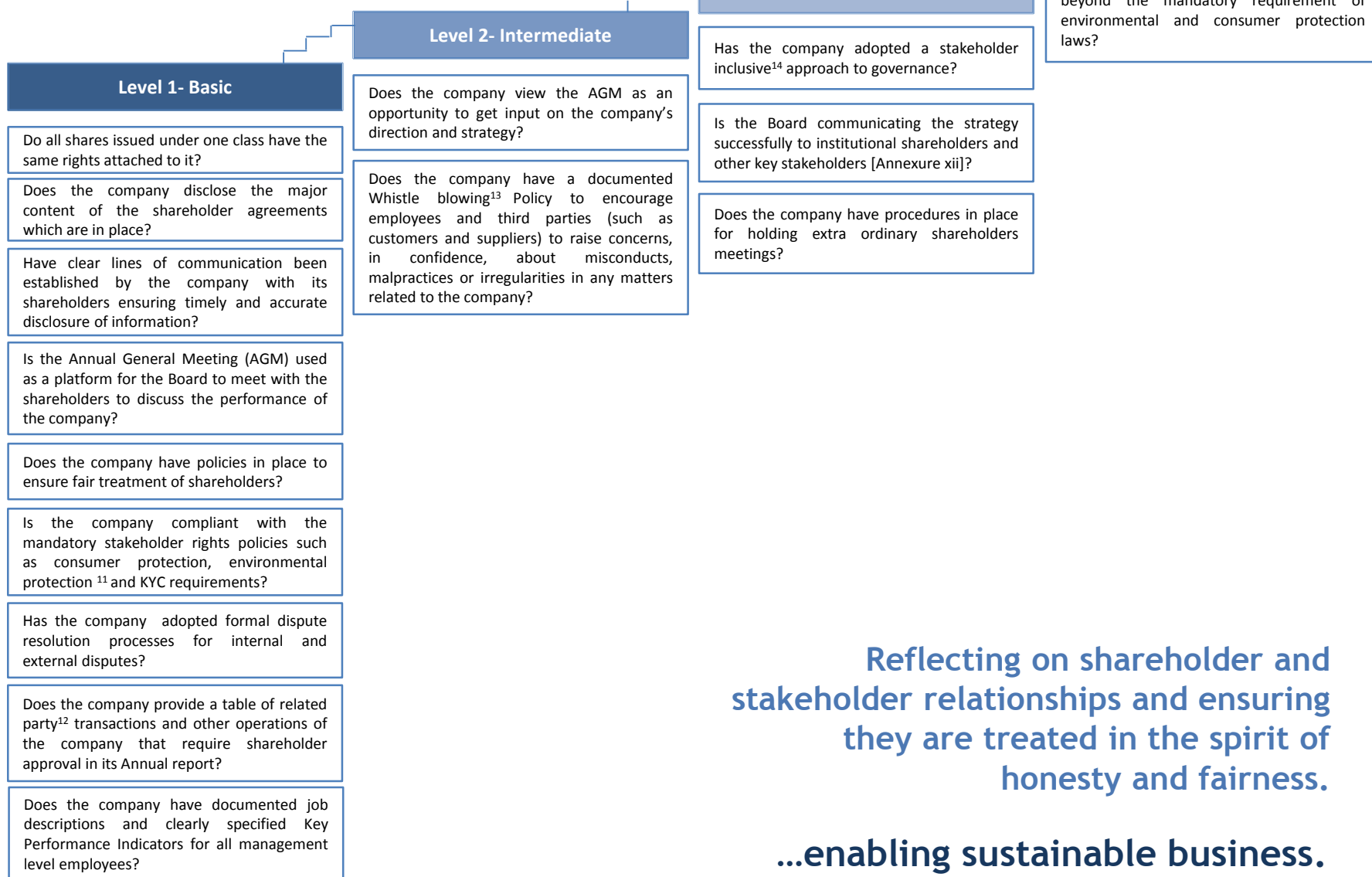
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Preparing reporting that provides a true view of the company's performance for stakeholders with a genuine right to know.

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Corporate Governance Practical Guidance for Companies with more than one Director and Shareholder



Reflecting on shareholder and stakeholder relationships and ensuring they are treated in the spirit of honesty and fairness.

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¹ The Family Charter should cover for instance the following:

- Family values and vision.
- Objectives of the family business.
- Ownership of the family business.
- Family member's employment policy.
- Role of non-family members in the family business.
- Conflict resolution arrangements.
- Continuity planning.
- Succession planning.

The above list is indicative and not exhaustive.

² Decisions approved by the shareholder may include but are not limited to the following:

- Altering the articles of association of the Company.
- Altering the Company's share capital.
- Appointment of External Auditors.
- Approval of contracts between the Company and the Director.
- Loans to Director.
- Actions affecting shareholder rights.

³ Decisions made by the Governing body may include but are not limited to the following:

- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.
- Changes relating to the Company's capital structure and/or debt structuring.
- Approval of any significant changes in accounting policies or practices.
- Major capital expenditures.
- Contracts of the Company not in the ordinary course of business, for example major acquisitions or disposals.

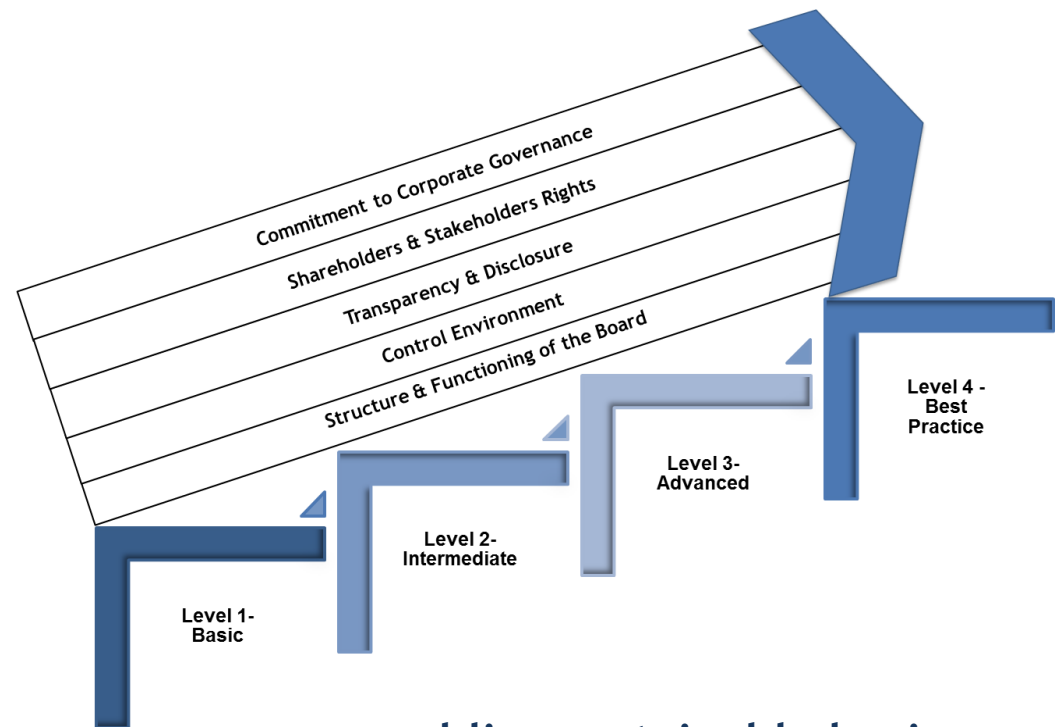
⁴ Exit Strategy does not necessarily mean liquidation and winding up only. It includes restructuring, acquisitions, mergers, employee buy outs etc.

⁵ While the corporate governance rules and regulations address the “what-to-do” aspects of corporate governance practices, the Toolkit covers the “how-to-do” steps of implementation and this ensures continuity of records, if you sell some or all of your interest in the company.

⁶ Every company should strive to establish an effective board, which is collectively responsible for the long-term success of the company, including the definition of the corporate strategy. However, an interim step on the road to an effective (and independent) board may be the creation of an advisory board. In the initial stages, companies that do not have a board of directors and may feel uncomfortable with a formal board that has the power to direct the business should consider forming an advisory board with no formal decision-making powers.

- ⁷ International guidelines have been developed through organisations such as ITGI and ISACA (COBIT and Val IT), the ISO authorities (eg: ISO 38500) and various other organisations such as OCEG. These may be used as a framework for the adequacy and audit of the company's information governance.
- ⁸ International Standards on Auditing, International Accounting Standards, Institute of Internal Auditors.
- ⁹ A sustainability report is a report published by an organisation about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also demonstrates the link between its strategy and its commitment to a sustainable global economy.
- ¹⁰ An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.
It is no longer sufficient to view the performance of any organisation only through its income statement and balance sheet. Major environmental events can have an impact on communities, which in turn can affect an organisation's performance. It has therefore become necessary for companies to operate cognizant of its key stakeholders.
Integrated reporting implies that the material financial, governance, environmental, social and economic aspects for the organisation, its geographic location and its sector have been identified, managed and reported on. It requires that the board satisfies itself that the associated impacts are factored into future strategies and action plans. An integrated report provides both financial and non-financial information. There is no standard format for an Integrated Report.
Sources: The International Integrated Reporting Council (IIRC), King III Report 2009
- ¹¹ Please refer to the Regulations and Guidelines issued by Dubai Municipality.
- ¹² A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity). A person or a close member of that person's family is related to a reporting entity if that person:
- i. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
 - ii. has control over the reporting entity; or
 - iii. has joint control or significant influence over the reporting entity or has significant voting power in it.
- A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.
- ¹³ 'Whistleblowing' is the action of a person, usually an employee (the whistle-blower), in disclosing evidence of wrongdoing including, fraud, financial irregularity, serious maladministration arising from the deliberate commission of improper conduct, unethical activities which may be of a criminal nature and dangerous acts or omissions which create a risk to health, safety or the environment, within the organisation to which they belong.
- ¹⁴ Stakeholder inclusive approach to governance seeks to foster interaction among the different network of players in preparing decisions that will be well founded, transparent, fair, sustainable and effective. It includes processes that engage the widest possible variety of players in decision making around common affairs.

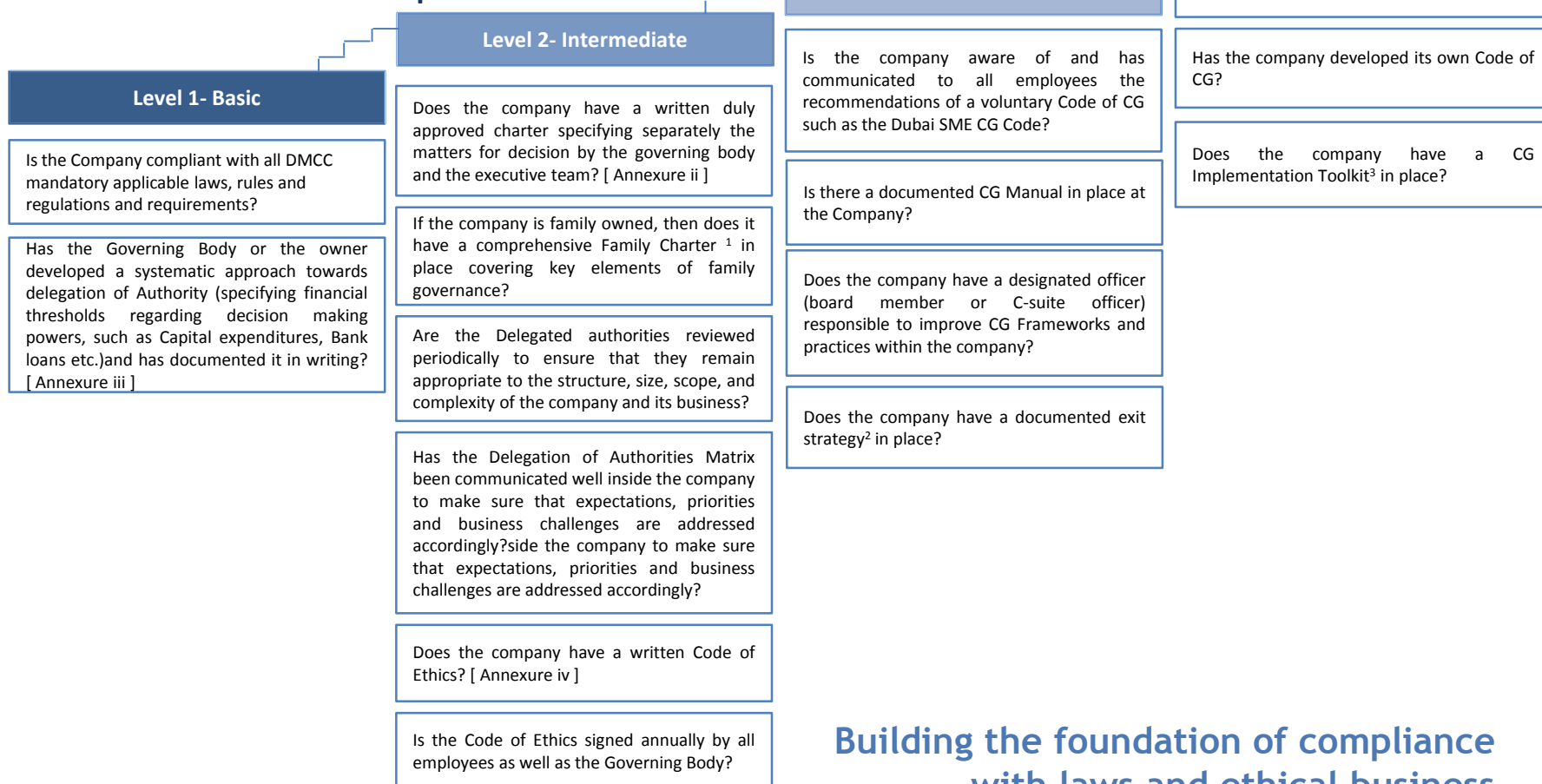
For Single Shareholder and Director Companies



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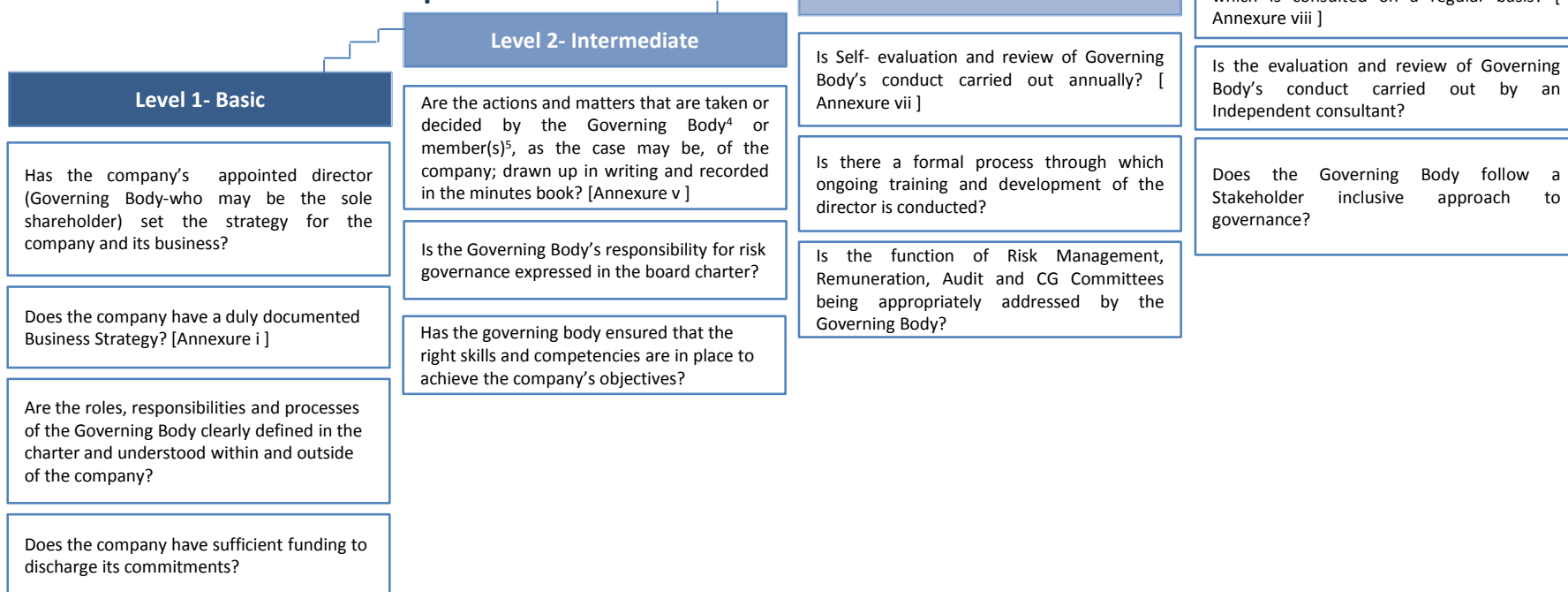
Corporate Governance Practical Guidance for Single Shareholder and Director Companies



Building the foundation of compliance with laws and ethical business practices, using documented frameworks to delegate authority.

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Corporate Governance Practical Guidance for Single Shareholder and Director Companies

Level 1- Basic

Are adequate Internal Control Systems in place? [Annexure ix]

Are the company's financial statements audited in accordance with International Standards on Auditing?

Does the company have a basic risk analysis with documented preventative measures? [Annexure x and xi]

Are the company's electronic files protected from unauthorised access?

Has the company approached or been called by the DMCC Mediation team in relation to a dispute?

Level 2- Intermediate

Are the internal control systems duly documented?

Is the internal control system periodically reviewed?

Does the company have a documented risk management policy and plan in place? [Annexure x & xi]

Does the Governing Body monitor the company's risk management policies and procedures?

Level 3- Advanced

Does the company's internal audit function regularly interact with the external auditor?

Does the company have a comprehensive compliance program?

Is the compliance program reviewed annually?

Is the company's external auditor licensed to conduct external audit by the Dubai Economic Department and/or DMCC?

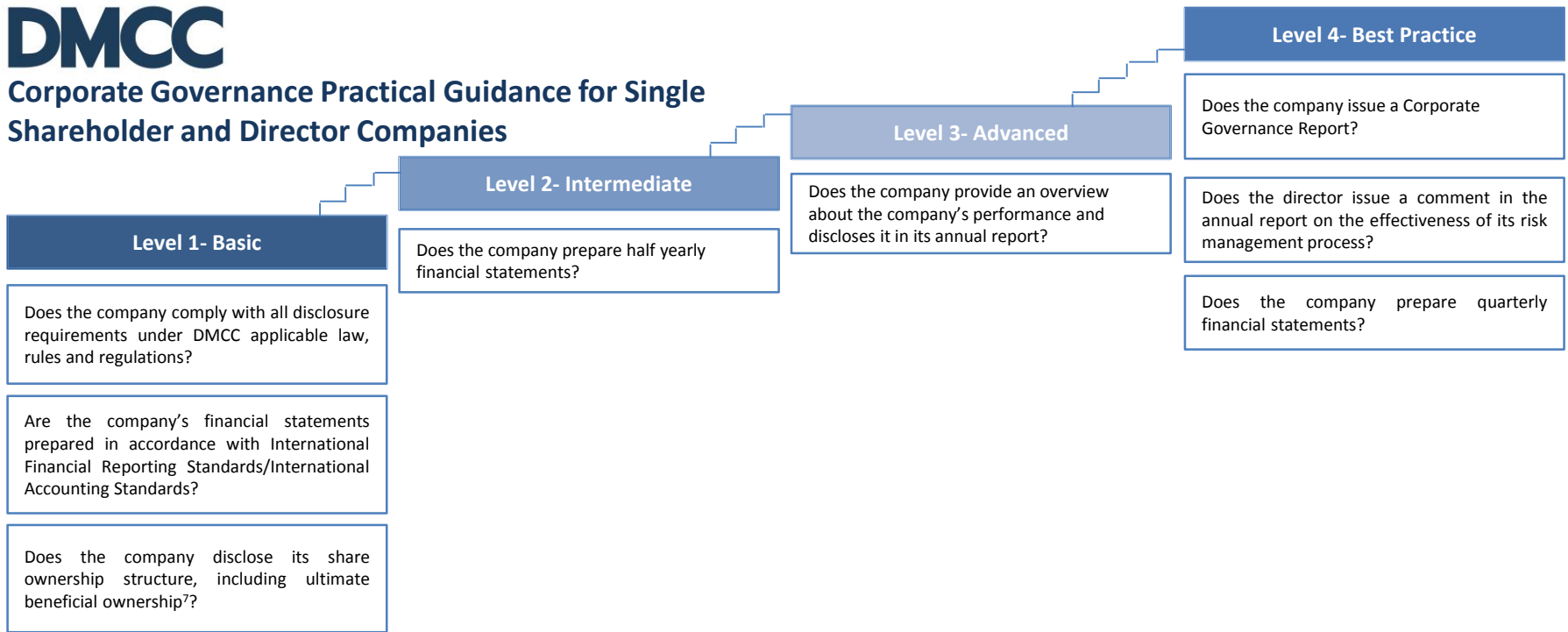
Level 4- Best Practice

Does the company ensure that the additional services which the external auditor provides to the company are those which do not compromise the independence of the external auditor?

Does the company have an IT governance framework in place with the aim of ensuring that technology decisions are made in support of the business goals and objectives?

Analysing risks and developing a system of controls to prevent unexpected and undesired outcomes.

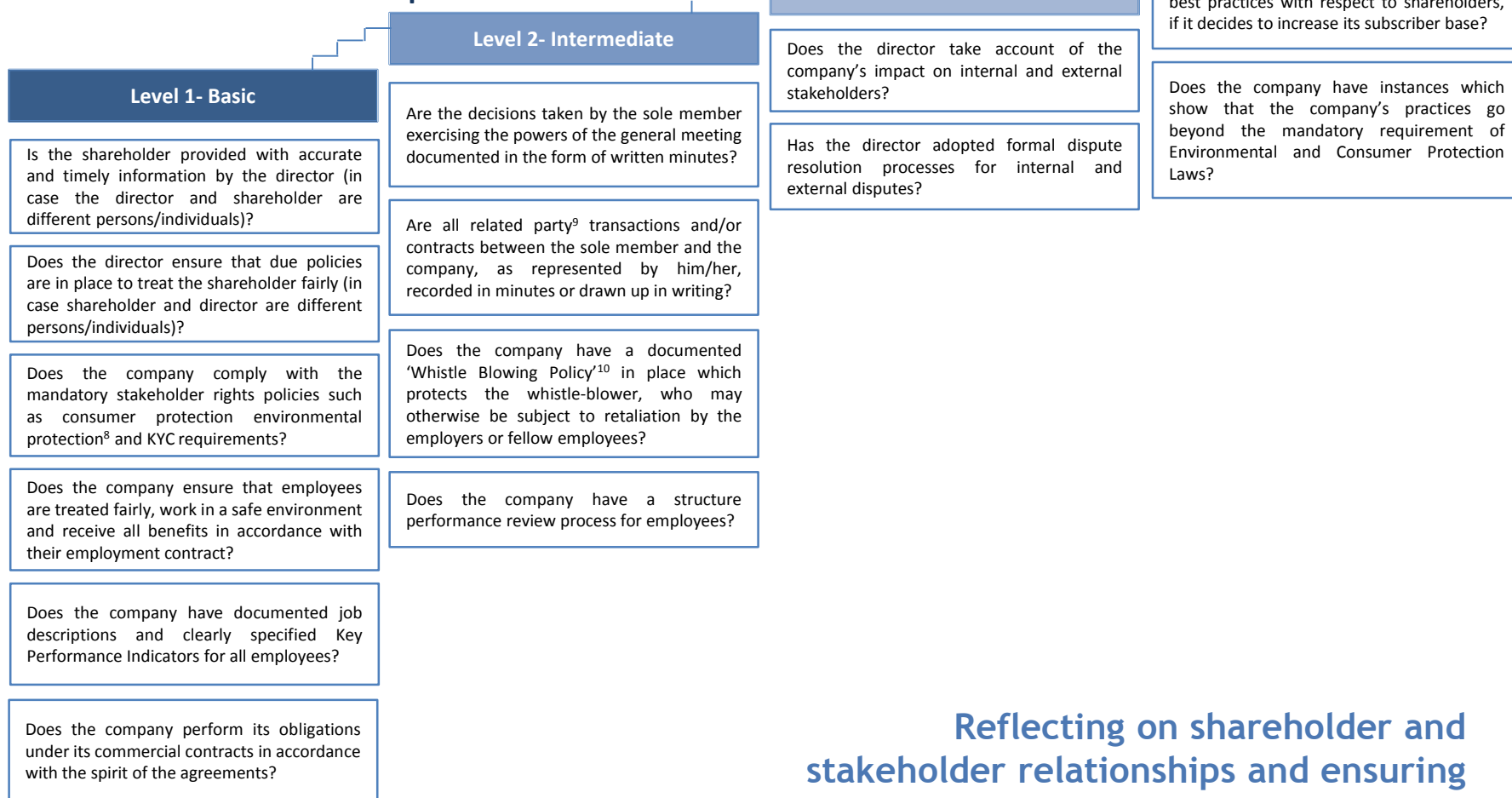
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Corporate Governance Practical Guidance for Single Shareholder and Director Companies



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- The above list is indicative and not exhaustive.

² Exit Strategy does not necessarily mean liquidation and winding up only. It includes restructuring, acquisitions, mergers, employee buy outs etc.

³ While the corporate governance rules and regulations address the “what-to-do” aspects of corporate governance practices, the Toolkit covers the “how-to-do” steps of implementation & this ensures continuity of records, if you sell some or all of your interest in the company.

⁴ Decisions made by the Governing body may include but are not limited to the following:

- Extension of the Company's activities into new business or geographic areas
- Any decision to cease to operate all or any material part of the Company's business
- Changes relating to the Company's capital structure and/or debt structuring
- Approval of any significant changes in accounting policies or practices
- Major capital expenditures
- Contracts of the Company not in the ordinary course of business, for example major acquisitions or disposals

⁵ Decisions approved by the shareholder may include but are not limited to the following:

- Altering the articles of association of the Company
- Altering the Company's share capital
- Appointment of External Auditors
- Approval of contracts between the Company and the Director
- Loans to Director
- Actions affecting shareholder rights

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⁶ Every company should strive to establish an effective board, which is collectively responsible for the long-term success of the company, including the definition of the corporate strategy. However, an interim step on the road to an effective (and independent) board may be the creation of an advisory board. Add source- Dubai some code of corporate governance. In the initial stages, companies that do not have a board of directors and may feel uncomfortable with a formal board that has the power to direct the business should consider forming an advisory board with no formal decision-making powers.

⁷The beneficial owner is the individual or entity that enjoys the benefits of owning an asset, regardless of whose name the title of the property or security is in.

⁸ Please refer to the Regulations and Guidelines issued by Dubai Municipality.

⁹A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity). A person or a close member of that person's family is related to a reporting entity if that person:

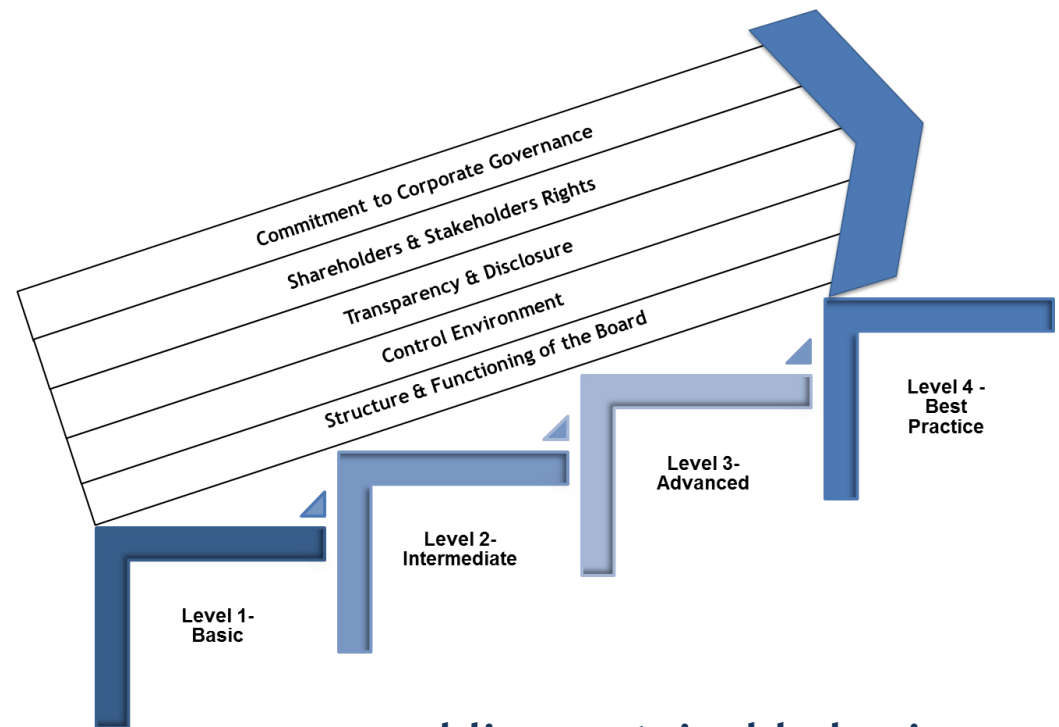
- (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
- (ii) has control over the reporting entity; or
- (iii) has joint control or significant influence over the reporting entity or has significant voting power in it.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

¹⁰ 'Whistleblowing' is the action of a person, usually an employee (the whistle- blower), in disclosing evidence of wrongdoing including, fraud, financial irregularity, serious maladministration arising from the deliberate commission of improper conduct, unethical activities which may be of a criminal nature and dangerous acts or omissions which create a risk to health, safety or the environment, within the organization to which they belong.

Annexures

Tools and templates for practical use



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Annexure i: Strategic Plan [Company Name]

Disclaimer:

This template may be used as a guide by DMCC member companies to develop the strategic plan for a Company. The Strategic plan may vary from a Company/business which is newly set up to one which is already in existence. Each Company should develop its Strategic plan based on the unique requirements of its business and its foresight. This Strategic Plan should not be construed as a mandatory template issued by DMCC to be followed by member companies.

Executive Summary

The Executive Summary of the Strategic Plan summarizes each of the other sections of the plan.

Company's Vision

A corporate vision statement sets a dynamic and compelling view of the Company at some point in the future. A well-conceived vision defines what the Company stands for why it exists, specifying its envisioned future. The vision statement is not intended for those outside the company.

Company's Mission Statement

A corporate mission statement defines what the Company does, who it serves, and how it serves (creates value for) its customers or clients. It is designed to provide clarity and direction for employees for internal decision-making, in order to ensure that these decisions are in line with the Company's mission. It also creates clarity of value for those outside the Company and answers the question of whether or how this Company can be of value to them.

Company Values

The Company should specify the corporate values it believes in such as operating in accordance with the highest standards in all relationships with stakeholders and with due regard to the environment it operates in.

SWOT Analysis

The Strategic plan addresses the key strengths, weaknesses, threats and opportunities for the Company:

Strengths:	Weaknesses:
Threats:	Opportunities:

Annexure i: Strategic Plan [Company Name]

Goals

Setting goals is a critical element of the Strategic Plan. The key is to identify the Company's long-term goals and then identify short term goals. This indicates what the Company must achieve in a year's time in order for it to be successful and to put the Company on the right trajectory for it to achieve its long term goals.

Key Performance Indicators

Identification of the Key Performance Indicators will help in identifying how the business is performing and if any intervention is needed.

Stakeholder Analysis¹

Key stakeholders and how their actions can affect the Company's business should be identified.

Industry Analysis and Competitive Advantage

An industry analysis can help identify new opportunities for growth. Key competitors should be identified along with their strengths & weaknesses using this analysis to determine your Company's current competitive advantage.

Key Strategies

A list of key strategies should be included here, including marketing and operational strategies.

Employees

This section should list the key employees of the Company and identify the need to hire in the coming year in order to ensure that that the Company has the human resources needed to execute the opportunities identified to achieve the Company's goals established in the plan.

Financial Projections

The final section of the Strategic Plan contains your financial projections along with the underlying assumptions used to prepare the projected figures.

¹Please refer to Annexure (xii).

Annexure ii: Board Charter [Company Name]

Disclaimer: DMCC is providing this template of the Board Charter to guide and assist members with their corporate governance improvement/enhancement journey. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor the Board Charter to its own requirement and business needs. This is not a legal document and should not be construed as such.

1. Purpose	The purpose of this Board Charter of [Name of the Company] Board of Directors (hereinafter referred to as the “Company”) is to set forth the basic governance principles of the Board of Directors of the Company (hereinafter referred to as the “Board of Directors”) and its committees, subject to applicable law, regulation, Company by-laws (if any) and the Articles of Association. The Board of Directors and such committees shall follow this Charter, as well as applicable law, regulation, Company by-laws (if any) and the Articles of Association, while adhering to the highest ethical standards.
2. Roles and Responsibilities of the Directors	
3. Composition of the Board	
4. Directors Qualifications (if considered necessary)	
5. Disqualification of Directors	
6. Role and Responsibilities of the Chairman and Deputy Chairman of the Board	
7. Board Secretary	
8. Board Meetings	
a) Frequency	
b) Agenda	
c) Quorum	
d) Minutes	
e) Voting	
f) Resolutions by circulation	

Annexure ii: Board Charter [Company Name]

9. Reporting (Board of Directors Report)	
10. Delegation by Board Members	
11. Schedule of Matters Reserved for the Board	
12. Board Committees a) Composition b) Chairman and Deputy Chairman of the Board Committees c) Meetings d) Minutes e) Reporting f) Board Committee Secretary	
13. Interface with the Management¹	
14. Appointment of Independent Advisors	
15. Date of Approval of this Charter	
16. Modifications to this Charter	

¹ This Section can be included in the Company's Corporate Governance Manual as well.

Annexure ii: Board Charter (In Another Format) [Company Name]

Disclaimer: DMCC is providing this template of the Board Charter to guide and assist members with their corporate governance improvement/enhancement journey. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor the Board Charter to its own requirement and business needs. This is not a legal document and should not be construed as such.

1. Purpose

The purpose of this Board Charter of [Name of the Company] Board of Directors (hereinafter referred to as the “Company”) is to set forth the basic governance principles of the Board of Directors of the Corporation (hereinafter referred to as the “Board of Directors”) and its committees, subject to applicable law, regulation, Company by-laws (if any) and the Articles of Association. The Board of Directors and such committees shall follow this Charter, as well as applicable law, regulation, Company by-laws (if any) and the Articles of Association, while adhering to the highest ethical standards.

2. Roles and Responsibilities of the Directors

3. Composition of the Board

4. Directors Qualifications (if considered necessary)

5. Disqualification of Directors

6. Role and Responsibilities of the Chairman and Deputy Chairman of the Board

7. Board Secretary

8. Board Meetings

- a) Frequency
- b) Agenda
- c) Quorum
- d) Minutes
- e) Voting
- f) Resolutions by circulation

9. Reporting (Board of Directors Report)

Annexure ii: Board Charter (In Another Format) [Company Name]**10. Delegation by Board Members****11. Schedule of Matters Reserved for the Board****12. Board Committees**

- a) Composition
- b) Chairman and Deputy Chairman of the Board Committees
- c) Meetings
- d) Minutes
- e) Reporting
- f) Board Committee Secretary

13. Interface with the Management**14. Appointment of Independent Advisors****15. Date of Approval of this Charter****16. Modifications to this Charter**

SAMPLE

Annexure iii : Delegation of Authorities Matrix [Company Name]

No.	Authority	Shareholder	Board/ Governing Body	CEO	Management	Comments
1	Amendments to authorized share capital	approve	recommend	initiate		
2	Major acquisitions and divestures of other entities	approve	recommend	initiate		Can be identified and initiated by Management as well
3	Dissolution of the Company or merger thereof with any other organization	approve	recommend	initiate		
4	Public offering of shares for the Company	approve	recommend	initiate		
5	Obtaining debt financing		approve	AED < approve and < AED recommend	initiate	
6	Formation and liquidation of subsidiaries and affiliates					
7	Approval of annual report and accounts					
8	Decisions on dividends and net profit allocations					
9	Appointment of Board Members					
10	Approval of Board members Terms of Reference and Board Charter					
11	Appointment of Board Committee Members					
12	Approval of Board Committee members Terms of Reference and Committee Charters					
13	Evaluation of the Board					
14	Evaluation of Board Committees					
15	Appointment and remuneration of External Auditors					
16	Commencing litigation/arbitration					
17	Developing a Company level Code of Corporate Governance					
18	Developing a Company Level Code of Conduct and Ethics					
19	Developing and implementing policies on conflict of interest, related party transactions					
20	Approving Corporate strategy and budget					

Annexure iii : Delegation of Authorities Matrix [Company Name]

No.	Authority	Shareholder	Board/ Governing Body	CEO	Management	Comments
21	Revision or reallocation of annual budget					
22	Oversight of Corporate Governance policies and procedures					
23	Day-to-day compliance with internal policies and external laws, regs.					
24	Emergency, unplanned expenditures					
25	Approval of new contracts within prescribed procedures					
26	Approval of individual expenditures approved in the budget					
27	Approval of invoices within prescribed procedures					
28	Approval of CAPEX (Capital Expenditure)					
29	Approval of Risk Management Policies & Frameworks					
30	Setting of Risk Appetite					
31	Succession planning for Board					
32	Succession planning for C-Suite Executives					
33	Setting Organizational structure and staffing plans					
34	Approving HR policies approvals and frameworks					
35	Appointment of GM/CEO					
36	Appointment of C- Suite Executives					
37	Appointment of other Management staff					
38	Remuneration of GM/CEO					
39	Remuneration of C-Suite Executives					
40	Annual Employee evaluation for GM/CEO					

Annexure iii : Delegation of Authorities Matrix [Company Name]

No.	Authority	Shareholder	Board/ Governing Body	CEO	Management	Comments
41	Annual Employee evaluation for C-Suite Executives					
42	Annual Employee evaluation for other Management staff					
43	Approval of Employee Benefits and Compensation Policies					
44	Setting IT Strategy					
45	Approving IT Projects					
Initiate: Proposal for an action or decision initiated.						
Recommend: Action or a decision recommended on an initiated proposal.						
Approve: Make the decision, commit the organisation to the decision/action.						
AED: The defined threshold/financial authority limit.						
Similar Authority Matrix can be developed for HR Department, Finance Department and other Departments as needed.						

Disclaimer: This Delegation of Authorities Matrix has been developed for the guidance of the DMCC registered companies only and should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique with its own operational and governance requirements and should adapt the delegation of Authorities Matrix tailored to its own requirements and business needs. This Delegation of Authorities Matrix may not be construed to include all levels of Authority and delegation within any company.

Annexure iv: Code of Conduct and Ethics [Company Name]

Disclaimer: DMCC is providing this Code of Conduct and Ethics to guide and assist DMCC member companies with their corporate governance and compliance efforts. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. This Code of Conduct and Ethics is not intended to be used as an “off the shelf” document. Each company is unique and should expand and tailor the Code of Conduct and Ethics to its own requirement and business needs. This is not a legal document and should not be construed as such.

Purpose:

The purpose of adopting this Code of Conduct and Ethics (The Code) is to instil a culture of integrity and business ethics within the company.

The Code:

The Code is based on principles of honesty, integrity and transparency and has been developed to promote ethics and professionalism within the company. The Code of Conduct and Ethics is organised into the following categories (each category should be explained further):

- Honesty
- Integrity
- Independence
- Objectivity
- Fairness
- Harassment and Discrimination
- Confidentiality
- Competence
- Transparency
- Accountability
- Record, Accounts and Company documentation
- Conflict of Interest and Disclosure
- Gift Acceptance
- Misuse of Official Position, Company Assets and Information
- Outside Employment

Annexure iv: Code of Conduct and Ethics [Company Name]

Application and Enforceability:

This Code applies to all employees, Board members, agents and advisors of the company (the “concerned persons”). This Code shall be signed by all concerned persons upon joining the company or being engaged with the company for the first time. An annual declaration shall be signed by the concerned persons renewing their commitment to abide by this Code.

Breach of any provision of this Code will be dealt with in accordance with the Company’s disciplinary proceedings.

Any enquiries about this Code or reports of possible breaches of this Code should be made to (contact details of the designated senior staff member).

Code of Conduct and Ethics Annual declaration

I, (Name of the concerned person), have read, understand and agree to abide by the Code of Conduct and Ethics of (name of the Company, the “Company”) and I understand that such adherence is a condition of my employment or engagement with the Company.

Signed this _____ day of _____, 20____.

(Signature of the concerned person)

Designation

¹Whistle- blowing Policy can be included in this document, in case the Company does not have a separate documented Policy on Whistle Blowing.

Annexure v: Board Meeting Minutes [Company Name]

Disclaimer: DMCC is providing this template for recording Minutes of the Board of Directors Meeting to provide guidance to its members. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor this template to its own requirement and business needs.

Minutes are the official, permanent record in writing, expressed in formal terms, of the business transacted at the Board meeting. The purpose of minutes is to provide an accurate, objective account of the proceedings of a meeting and the decisions made. The decisions made should be recorded precisely and maintained securely (in accordance with the Company's document retention Policy). The minutes should also disclose the name of the dissenting Director as well as the reason for the dissent.

Style And Format

It is recommended to have a consistent style for documenting Board minutes in order to facilitate the reader these documents.

NAME OF COMPANY

Minutes of Meeting of Directors held on [DATE] at [ADDRESS] at [TIME]

Present:

In attendance (Non- Voting Members):

Absent: To mention those who apologised in advance for non-attendance of this meeting.

Meeting Proceedings:

Quorum:

The Chairman noted that the required quorum of the Board of Directors was present and declared the Meeting open for the transaction of business.

Minutes of the Previous Meeting of Directors

Resolved that the minutes of the meeting of directors held on[] be approved.

Auditor

Resolved that [name of the Audit Firm] be nominated for appointments as the Company Auditor.

The report submitted by the Chief Executive Officer on entering the New Market was discussed.

The Board requested for more information regarding point no ... of the Report to be submitted to them by DATE.

Action: CEO

Next Meeting

The date of the next Board of Directors meeting was fixed for [DATE], at [TIME] and [PLACE].

The Chairman concluded the meeting with a vote of thanks.

Signed as a correct Record

.....

Chairman ¹

Date

.....

Board Secretary (optional)

Date

¹Regulation No 55 of the DMCC Company Regulations requires only the person presiding over the meeting to sign the minutes. DMCCA can decide to have all directors sign the minutes.

Annexure vi: Board Resolutions [Company Name]

Disclaimer:

DMCC is providing this template for recording Resolutions of the Board of Directors Meeting to provide guidance to its members. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor this template to its own requirement and business needs.

At the meeting of the Board of Directors of [NAME OF THE COMPANY (THE “Company”)] held at ----- on day of , the following matter was noted and resolution duly and effectively passed.

The Chairman stated that a formal notice of the meeting has been sent to all Directors and a quorum is formed.

Present:

Names of Directors

Chairman

IT WAS NOTED THAT(This is optional. The Company may provide a summary of the agenda item for which the Board Resolution is being sought to be passed).

IT WAS RESOLVED THAT:

The precise decisions of the Board members should be included here.

- 1.
- 2.
- 3.

Signed

Director1

Director 2

Director 3

Chairman

Date

Annexure vii: Director Self Evaluation Tool [Company Name]

Disclaimer: DMCC is providing this template of Director Self Evaluation Tool to guide and assist members with their corporate governance improvement/enhancement journey. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor the Director Self Evaluation Tool to its own requirement and business needs. This is not a legal document and should not be construed as such.

DIRECTOR SELF EVALUATION

Director self-evaluation is a process that allows boards of directors to examine and self-assess their own performance as Board members and be able to identify areas where they need to improve in order to carry out the duties and responsibilities assigned to them as Board members.

A good self-evaluation tool needs to ask relevant and clear questions, collect systematic feedback and make use of the information for director development purposes. The feedback collected should not be considered as a report card only.

The self -Evaluation Tool can be divided into the following sections:

- The Governance Role
- Knowledge of the Organisation and the Business Sector
- Contribution in terms of Expertise
- Effective behaviour and relationships/Interpersonal Skills

Please rate each statement on a scale of 1 to 5 where

1= Strongly Agree

2=Agree

3=Somewhat Agree

4=Neutral

5= Disagree

6= Strongly Disagree

N/A= Not Applicable

Annexure vii: Director Self Evaluation Tool [Company Name]

	1	2	3	4	5	6	N/A Comments
--	---	---	---	---	---	---	-----------------

Governance Role

1	I am familiar with the laws, rules, regulations, Codes governing the Company						
2	I comply with the Company's conflict of interest Policy						
3	I maintain confidentiality						
4	I invest due time required into the Company						
5	I am aware of my duties and responsibilities as a Board member						
6	I understand the divide between the Board's role to set the strategic direction and provide due oversight and the management's role to lead and direct operations						

Knowledge of the Organisation and the Business Sector

7	I understand the Company's mission and vision						
8	I understand the Company's short term and long term goals						
9	I am familiar with the Company's stakeholders						
10	I am familiar with the impact of the Company's actions and business on the Stakeholders						
11	I have a good understanding of the Company's financial performance						
12	I am familiar with the key risks the Company is exposed to and the relevant risk mitigation strategies in place						
13	I know the Going concern status of the Company						
14	I keep myself informed about the latest developments in Corporate Governance relevant to my Company						
15	I keep myself informed about the sector and business trends that may have an impact on my Company						

Annexure vii: Director Self Evaluation Tool [Company Name]

	1	2	3	4	5	6	N/A Comments
--	---	---	---	---	---	---	-----------------

Contribution in terms of Expertise

14	I contribute effectively in terms of applying my knowledge and expertise during Board meetings						
15	I voice my independent opinion on matters brought before the board for discussion						
16	I gather sufficient information on the matters brought before the Board meeting and make an informed decision						
17	I ask questions or request information to help me make informed decisions						
18	I am satisfied with my level of contribution as a Board member						
19	I am satisfied with the level of attendance on Board meetings						
20	I come prepared to Board meetings						
21	I would like to explore the possibility of enrolling for a Professional Director Development Course?						

Interpersonal Skills

20	I am satisfied with the level of assertiveness I exercise during Board meetings						
21	I communicate effectively with fellow Board members						
22	I interact effectively with the C-Suite officers						
23	I respect the contribution made by Board Committees and do not reconstruct the work already done by them but carry out an effective review of their work						
23	I trust and respect my fellow Board members and feel due reciprocity from them						

Annexure viii: Guidance on the Advisory Board [Company Name]

Disclaimer: DMCC is providing this Guidance on Advisory Board to guide and assist members with their corporate governance improvement/enhancement journey. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor their requirements for setting up an Advisory Board based on its own business needs. This is not a legal document and should not be construed as such.

What is an Advisory Board?

An advisory board is a collection of trusted individuals who bring unique knowledge and skills that complement those of the formal governing body or the board of directors of the Company. The advisory board can provide additional information, knowledge and skills to the Company which the Company may not have access to independently. However, the advisory board does not have the formal authority as the board of directors of the company nor can they be held liable for any suggestion put forth or a recommendation made to the board of the Company.

Types of Advisory Boards

The three most common types of advisory boards are:

- (i) Those providing prestige to the Company
- (ii) Those providing in-depth technical knowledge and
- (iii) Those primarily selected to provide business development opportunities.

Setting up an Advisory Board?

The Objective: The most successful advisory boards are formed with a specific objective in mind. Therefore, when forming the Company should identify and specify the exact role for the advisers. The identified objective or goal will serve as the cornerstone for building any type of an advisory board.

Composition: The advisory board should comprise of individuals who are assertive and can challenge the Board members on their thinking and outlook towards the matters on which their advice is sought.

Size: For closely held firms, it would be advisable to start with a lesser number and add members to the advisory board as deemed appropriate at a later stage.

Compensation (if applicable): Advisory board members can be compensated through stipends/remuneration offered to them under a consultancy contract.

Contract: Advisory boards terms of service should be governed by a written agreement or a contract and should include having the advisory board members sign a nondisclosure agreement, a charter that outlines their role and responsibilities along with the expected meeting frequency, the time commitment expected of them , and compensation (if any).

Annexure viii: Guidance on the Advisory Board [Company Name]**Comparison of the Advisory Board and the Board of Directors of a Company**

Functional Comparison	Board of Directors	Advisory Board
Governance responsibility	Yes	No
Reporting line	Shareholders	Board
Advisory Role	Yes	Yes
No. of Members	Minimum no specified by Law	Not specified
Frequency of Meeting	Minimum no specified by Law	Not specified

Annexure ix: Basic Components of Internal Controls [Company Name]

Disclaimer: DMCC is providing the basic components of Internal Control to be used as guidance by members of DMCC when developing their Internal Control Policies and Procedures. The components specified in this document may not be construed to be the only components of internal control. Each company is unique and should expand and tailor its Internal Control Policies and Procedures in accordance with its own requirement and business needs.

Internal control is an integral process that is put into effect by an entity's management, designed to address risks and to provide reasonable assurance that in pursuit of the entity's mission, the following general objectives are being achieved:

- Orderly, ethical, economical, efficient and effective operations;
- Accountability;
- Compliance with applicable laws and regulations;
- Safeguard of resources against loss, misuse and damage.

The basic components of Internal Control include:

1. Control Environment: The control environment sets the internal control tone of an organization, and provides the framework for developing all other components of internal control. Factors constituting the control environment include integrity, ethical values and competence of the personnel, management's operating style and the direction provided by the board of directors.

2. Risk Assessment: Risk assessment is the identification and analysis of relevant risks (including sustainability risk) which the Company is or can be subject to in future, which forms the basis for developing risk management systems.

3. Control Activities: Control activities are the policies and procedures put in place by the Company that ensure compliance as well as management of risks. It includes a range of activities such as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties and functional responsibilities to create a system of checks and balances. It also includes a system of authorization and record procedures to provide reasonable accounting control over assets, liabilities, revenues, and expenditures.

4. Information and Communication: Pertinent information must be identified, captured and communicated in a form (reports) and within timeframe that enable people to carry out their responsibilities in an efficient and an informed manner. Information includes both internal and external information and reports include internal as well as external reports.

5. Monitoring Activities: Internal control systems need to be monitored through a process that assesses the quality of the internal control system's performance over time. It includes regular management and supervisory checks, which help identify the lapses/weaknesses in the internal control system and the relevant corrective action.

All Internal Control Policies and procedures should be periodically reviewed and updated/adjusted to reflect changes in the business and control environment.

Sources: INTOSAI Guidelines for Internal Control Standards for the Public Sector, 2004.
COSO Internal Control Framework, 1999 and 2013.

Annexure x: Guidance on Developing Risk Management Policy [Company Name]

Disclaimer: *There are no universally agreed and applied standards or benchmarks for risk management. This document is intended to provide guidance to the DMCC member companies and assist them in developing and tailoring their risk management policies in accordance with the size and nature of their business. Each company is unique and should expand and tailor their risk management policies in accordance with its own requirement and business needs.*

Risks are inherent in every business and arise in all aspects of managing a business. A documented risk management policy can assist the company in efficiently identifying its risks and developing risk mitigation approaches. In order to develop and review these policies and procedures, a company needs to identify the critical success factors and then identify the risks attached to each one of these factors. The critical success factors are normally the key internal and external factors which impact business performance, some of them are common to all business while others may be specifically associated with the industry in which the business operates in.

Examples of critical success factors are the following:

- Meeting International Quality Standards for the product or the service the company provides
- Customer satisfaction
- Product or service differentiation
- Market share of the company
- Price competitiveness
- Skilled and motivated workforce
- Employee turnover rate
- Cash Flow targets etc

Once the company has identified the risks associated with the critical success factors, they can be divided into categories and risk management guidelines can be developed for each identified category of risks.

The various risk categories include but are not limited to the following:

Financial Risk: This includes cash flow, creditor and debtor management, fixed and variable expenditures etc.

Organisational Risk: This relates to the internal requirements of a company, including the culture of the company, the employees and effective operation of the business.

Annexure x: Guidance on Developing Risk Management Policy [Company Name]

Compliance Risk: This category includes compliance with legal requirements such as statute, law, rules and regulations, codes, policies, procedures and contractual requirements.

Operational Risk: This covers the resources and operational activities required for the successful development and delivery of a product or service.

Commercial Risk: This category includes the risks associated with the commercial viability of a product or service.

Health, Safety and Environmental Risk: This risk extends from individual safety, to workplace safety, public and community safety, and environmental protection.

Strategic Risk: This includes the risk associated with the strategy of the business for planning, resourcing, sustainability and growth of the business.

Plant and machinery/Equipment Risk: This extends to the plant and machinery or equipment used for the operations and conduct of the business. It includes the general operation of the plant, machinery and equipment and its maintenance, safety and upgrade.

Security Risk: This includes the security of the company's premises, assets, people, intellectual property and information (Data Protection).

Reputation Risk: This risk entails the threat to the reputation of company due to its conduct, operations, products and services it offers or the conduct of employees or other individuals associated with the business.

Quality Risk: This risk relates to the quality of the product and services the company provides and includes customer interaction and after-sales service.

Project Risk: This includes the management of resources, finances, technology, timeframes and people associated with the management of specific projects by or within the company.

Stakeholder management Risk: This category of risk relates to the identification, management of and maintaining an appropriate relationship with the company's stakeholders.

Information Technology Risk: This includes the implementation, management, maintenance and upgrades associated with technology and the implementation of the company's IT governance framework with the aim of ensuring that technology decisions are made in support of the business goals and objectives.

A company needs to conduct an ongoing review of its risk management policy and procedures. While drafting the risk management policies and procedures, the limitations of risk management, should be clearly recognised by the company one of which is that risk management does not guarantee freedom from all risks associated with the company and which the company may face in future.

Annexure xi: Risk Register [Company Name]

Disclaimer: DMCC is providing this template to guide and assist members in documenting their internal control measures. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor their documented internal control procedures to its own requirement and business needs. This is not a legal document and should not be construed as such.

Internal Controls, if documented can considerably improve the function of monitoring. This document provides a template for documenting risks and related controls in the form of a risk register. It acts as a central repository for all risks identified by the Company and includes the risk description, its probability of occurrence, its impact, risk mitigation measures and the risk owner.

RISK REGISTER [NAME OF COMPANY]

Serial No	Date of Identification of Risk	Risk Description	Likelihood (Optional)	Impact (Optional)	Risk Score (LxI) (Optional)	Risk Classification	Control Measures	Target Risk Scores (Optional)	Target Date	Risk Owner	Frequency of update	Date of Update
1	Jan 1, 14	Lack of required input from the Board of Directors	3	3	9	Medium	Review Board Composition, their existing skill set, meeting attendance	1x3	1 Mar 14	Mr. XYZ	Monthly	1 Feb,14

Annexure xii: Stakeholders Mapping [Company Name]

Disclaimer:

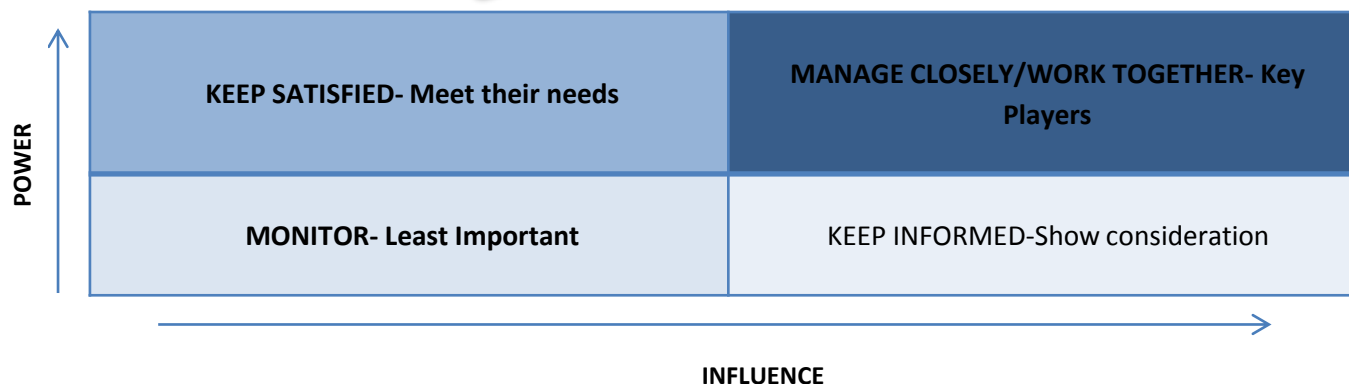
DMCC is providing this template as guidance to its member for carrying out its stakeholder analysis. This document should not be construed as a mandatory template issued by DMCC to be followed by member companies. Each company is unique and should expand and tailor this template to its own specific requirements and business needs.

Stakeholder analysis is the process of identifying individuals or groups which are likely to affect or be affected by a proposed action of the Company, and sorting these identified stakeholders according to their impact on or by the action. Stakeholder mapping is a key component of Stakeholder Analysis and should be constantly reviewed.

Stakeholders Mapping can be carried out in many ways.

Stakeholder Mapping Method 1

This method requires the Company to identify its various stakeholders and map them in a table, based on how powerful they are and the amount of influence they can exercise over the Company's actions or proposed actions.



Annexure xii: Stakeholders Mapping [Company Name]

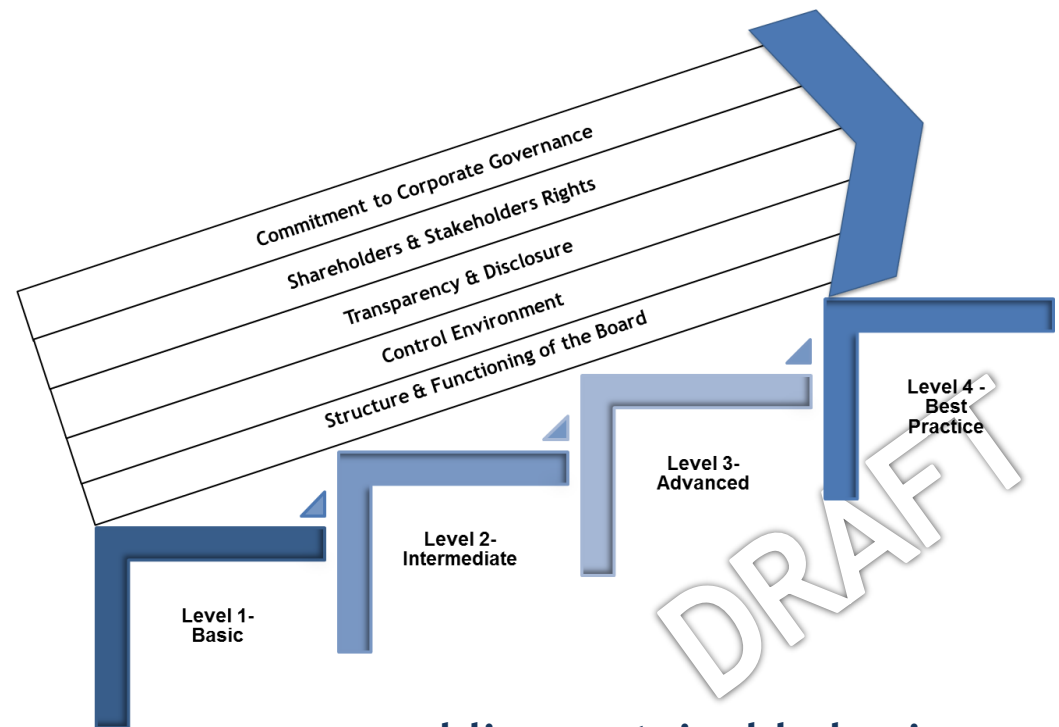
Stakeholder Mapping Method 2

Stakeholders	Area of Interest	Power and Influence
Regulators	Compliance with Laws	Issue and Amend Laws
Shareholders	Dividend, Share value	Appoint the Board, Appoint Auditors
Suppliers	Long term contracts, single source	Price, Quality, Supply
Customers	Price, Quality	Stoppage of payments in case of non - satisfaction
Lenders	Credit rating, Risk Appetite, Re-payments	Rate and terms and conditions of Lending
Directors	Adequate remuneration, Able to fulfill its Fiduciary duties, Aligning stakeholders interests	Govern and Set the Strategic Direction of the Company
Auditors	Able to issue an independent audit report, re appointment, manage shareholder expectations	Disclose undue limitations in scope of audit in the Audit Report
Employees	Job satisfaction, employment benefits	Employee turnover, Customer satisfaction
Community	Health and Safety, Environment	Dissatisfaction leading to reputational risk

The above table can also be mapped on the lines of Method 1 classifying each stakeholder into the relevant category.

Sources: Excerpts taken from The Economist 'Guide to Business planning' second edition Graham Friend and Stefan Zehle, 2009

Performance Improvement Plan



...enabling sustainable business.

Performance Improvement Plan

Company Name: ABC Consulting DMCC




This report date: 7th Sept 2014






Self Assessment date: 1st Sept 2014

Progress flag: **Green**

Date of plan: 7th Sept 2014

Desire attainment level: 1 Basic

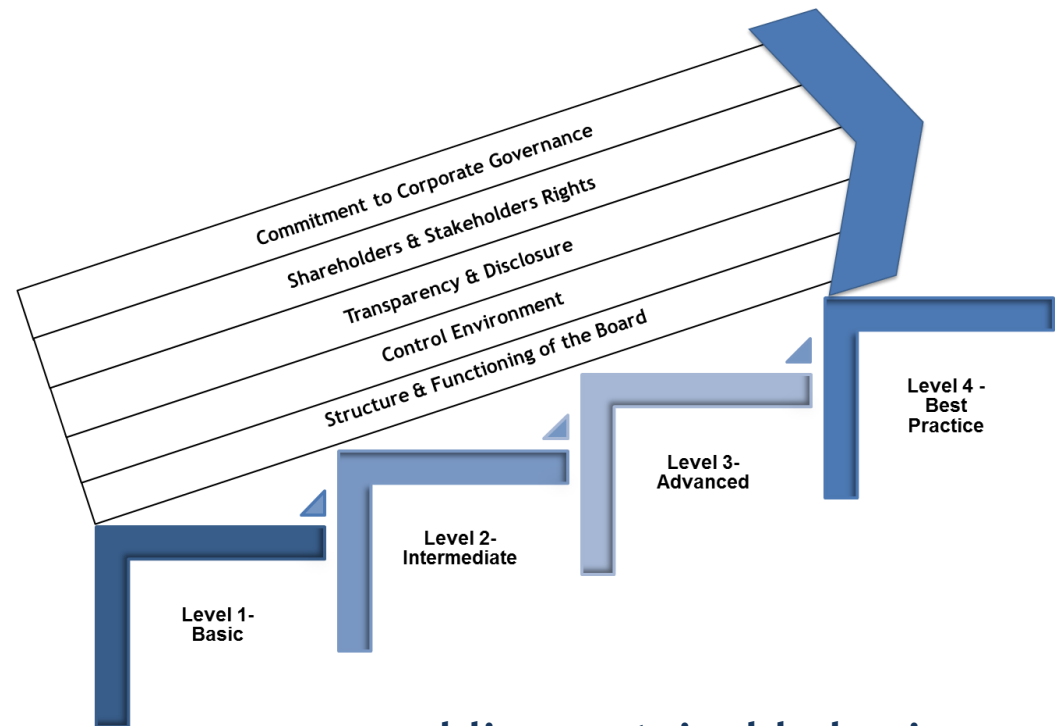
-  On track
-  At risk
-  Deadline missed or will be missed

Element	Self Assess't Score	Desired Score	Describe major gaps	Action to be carried out	Accountable	Deadline	Status
Commitment to Corporate Governance	3.5	4	Not up to date with rules and regulations	Carry out review of rules and regulations and check compliant	AB	30.11.14	
Structure and functioning of the Board / Governing Body	2	4	Board doesn't meet regularly	Set calendar	AB	31.10.14	
Control Environment	1.5	3	Haven't identified risks	Development risk management plan	AB	30.11.14	
Transparency and Disclosure	2	4	Financial reports are not at desired standard	Improve reporting capability	CD	31.12.14	
Shareholders and Stakeholders Rights	3.8	4	Some issues with fair treatment of customers	Review customer policies	EF	15.11.14	

The report should be updated regularly with the status of each action

More information

Contact Hassan Nasser
Director of Compliance
DMCC Free Zone
Hassan.Nasser@dmcc.ae



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