



# CORPORATE GOVERNANCE

## STATEMENT

An expanding global trend and demand for better corporate governance practices, accountability, and responsibility have emerged in recent years. Corporate governance is about upholding principles and engaging in moral business practices. It has to do with how a company is run. This comprises its organizational and other structures, culture, and approaches to dealing with different stakeholders. The Board is principally in charge of corporate governance. The management team assists the Board in carrying out its responsibilities. An essential component of corporate governance is the timely and correct disclosure of information about the company's financial state, performance, board composition, and ownership. Corporate governance structures are those by which a company governs and regulates both its own internal operations and the individuals it employs.

## GPC'S PHILOSOPHY ON CORPORATE GOVERNANCE

In all aspects of its operations and in all dealings with its stakeholders, including shareholders, employees, the government, and other agencies, GPC is committed to the greatest levels of transparency, accountability, and equity. The Company is dedicated to upholding the best corporate governance practices. It holds that all operations should be directed towards achieving the ultimate goal of continuously increasing shareholder value.

The Board, which monitors how the management serves and defends the long-term interests of all the Company's stakeholders, is at the center of its corporate governance practice. GPC thinks that in order to guarantee the greatest levels of corporate governance, a proactive, knowledgeable, and independent Board is required. Independent Directors actively participate in the company.

The Company is dedicated to establishing and upholding best practices in corporate governance. The Company's corporate governance procedures adhere to the standards outlined in the Bahrain Corporate Governance Code.

The Board of Directors has established the following Corporate Governance Policy in order to support the Board in carrying out its duties. Future modifications or revisions to this policy may be required due to changes in other rules affecting governance needs.

## **THE CORPORATE GOVERNANCE POLICY**

### **BOARD OF DIRECTORS**

The Board is responsible to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging their duties the Directors shall comply with the Code of Conduct as adopted by the Board. Directors are expected to attend and actively participate in Board Meetings and Meetings of Committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

The Board must use their business judgement to make decisions that they sincerely feel are in the Company's and its shareholders' best interests. The Directors must adhere to the Code of Conduct as adopted by the Board when performing their duties. The attendance and active participation of directors is anticipated at board meetings as well as meetings of the committees they serve on. They are also expected to set aside the time and meet as often as necessary to carry out their duties effectively.

The Board is responsible for overall compliance with the corporate governance of the Company. It oversees and directs the management of the Company's business and affairs. In doing so, it must act honestly, in good faith, and in the best interests of the Company.

### **BOARD COMPOSITION AND STRUCTURE**

Composition, structure, and the operation of the Board shall be in accordance with the pronouncements of Bahrain Commercial Law, Corporate Governance Code, Company's

Memorandum & Articles of Association, and all other applicable regulations. The Board positions are filled at the discretion of Bahrain Mumtalakat Holding Company (BHMC), the sole shareholder of GPC. BHMC will ensure that all statutory and administrative requirements are met in making these appointments.

Majority of the directors shall be Bahraini nationals. The Board recognizes the importance of independence and objectivity in the decision-making process. Objectivity, independence, competence, loyalty, and fair treatment to all shareholders shall be the guiding principles for the appointment of the board members and composition of the BOD.

The BOD shall be headed by the Chairman who will be the independent director. The Company shall be managed by BOD composing of not less than three and not more than seven members. The BOD shall regularly review its size and composition to assure that it is small enough for efficient decision-making yet large enough to have members who can contribute from different specialties and viewpoints.

The BOD will recommend changes in board size to the shareholders when a needed change requires amendment of the company's Memorandum of Association.

Where there is the potential for conflict of interest, or there is a need for impartiality, the BOD shall assign a sufficient number of independent Board members capable of exercising independent judgment.

## **PRINCIPAL FUNCTIONS AND RESPONSIBILITIES OF THE BOARD**

All directors must understand the Board's role and responsibilities under the Commercial Companies Law or any other laws or regulations that may govern their responsibilities from time to time. When a new Director is inducted, the Chairman of the Board or other individual delegated by the Chairman of the Board, shall review the Board's role and duties with that person, particularly covering legal and regulatory requirements.

The BOD's role and responsibilities include but are not limited to:

### **A. Strategic Management**

- Approval of strategic plan with updates, an annual operational plan and budget, and related corporate performance measures.

- Approve the vision and strategy proposed by Management, determining the inherent level of acceptable risk and ensuring appropriate resources are available to achieve the proposed vision.
- Reviewing the progress and performance of the Company in meeting these plans and corporate objectives.
- In conjunction with management, taking account of changes in the business environment, their potential impact on the Company's strategies and operating environment and responding to these changes where necessary.
- Approving key company policies and working with management in establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through areas such as innovation, initiative, technology, new products and capital.

## **B. Governance**

- Ensuring corporate accountability to the BOD of the Company primarily through adopting an effective stakeholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, providing a link between the Company and its members.
- Ensuring that the Company adheres to high standards of ethical and corporate behavior.
- Ensuring that the Company has appropriate risk management, delegation of authority, internal control and regulatory compliance policies and procedures in place.
- Monitoring conflicts of interest and devising a policy for avoidance and disclosure of interest both at the board level and senior management level.
- Devising a policy for the related party transaction and taking measures to avoid related party transactions lacking business substance.
- Assuring equitable treatment of shareholders including minority shareholders.
- To attend Board and to maintain informal communications between meetings.

- To review the independence of each director at least annually in the light of the requirements of the Code of Corporate Governance.
- Conducting an annual evaluation, the performance of board as whole, individual directors and the committees of the board and reporting to shareholders to each annual general meeting that the evaluation has been done.
- To formulate and adopt whistleblower program.
- Approve the delegation of responsibilities and authorities to standing Sub-committees and to Management and reserve certain powers to itself as per the Discretionary Authority Limits.
- Approve defined limits of authority for the CEO or other officer such as maximums for transactions which they may authorize without separate Board approval.

### **C. Key Personnel Management**

- Monitoring senior management's performance and implementation of strategy.
- Adoption and approval of the policies and procedures for the appointment, training, induction and evaluation of the CEO.
- Appointment of the CEO, remunerating the CEO, formal reviews of the CEO's performance, overseeing the development of the CEO and ensuring a succession plan is in place for the CEO position.
- Delegating appropriate powers to the CEO, management and committees to ensure the effective day-to-day management of the business and monitoring the exercise of these responsibilities.
- Approving the corporate remuneration framework and the remuneration levels of senior executives.
- Ensuring appropriate human resource systems are in place to ensure the well-being and effective contribution of all employees.

- Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.
- Aligning key executive and board remuneration with the longer-term interests of the Company and its shareholders.

#### **D. Compliance**

- Ensuring that the Company always operates within applicable laws and regulations.

#### **E. Risk Management**

- The Board must ensure that collectively it has sufficient expertise to identify, understand and measure the significant risks to which the company is exposed in its business activities.
- The Board shall develop an adequate risk management framework considering the business operations of the Company.

#### **F. Others**

- Causing financial statements to be prepared which accurately disclose the Company's financial position.
- Ensuring the Company's financial position is protected and is able to meet its debts and other obligations when they fall due.
- Approving major capital expenditures, major contracts, acquisitions and divestments.
- Monitoring conflicts of interest and preventing abusive related party transactions.
- Ensuring the integrity of the accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
- Compliance with the Company's founding documentation, including but not limited to its Memorandum and Articles of Association and other relevant by-laws and resolutions.

### **BOARD SKILLS**

The Board must possess the necessary blend of qualities, skills, knowledge, and experience.

Each of the directors should make quality contributions.

A Board should have a mix of the following skills, knowledge, and experience:

- Operational or technical expertise and leadership.
- Financial skills.
- Legal skills
- Knowledge of Government and regulatory requirement.

## **THE ROLE OF CHAIRMAN**

- Responsible for the leadership of the Board, and for the efficient functioning of the Board.
- Ensuring that all Directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary, between meetings.
- Providing guidance to other Board members about what is expected of them.
- Reviewing the Board's role and duties with the new directors inducted to the Board.
- Taking an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made.
- Ensuring that the entire BOD is given the opportunity to effectively contribute to the Board.
- Ensuring that each Board member receives agenda, minutes of prior meeting and adequate background information in writing before each board meeting.
- Confirming to shareholders that director's performance continues to be effective and continues to demonstrate commitment to role when proposing director for reelection.
- Maintaining continuing personal contact with major shareholders to solicit their views and to understand their concerns.
- To ensure that the views of shareholders are communicated to the board as a whole.
- To demonstrate the Board to respect the rights of minority shareholders.

## **BOARD MEETINGS AND QUORUM**

- Board meetings will be held at least quarterly, i.e. four meetings in a year.

- The Board members shall meet at an invitation by its Chairman or by any of its members as required by the Articles of Association.
- A quorum is a majority of Directors for the time being or 3 Directors, whichever is higher.
- Where a quorum cannot be established, the Chairman may call a general meeting to deal with the matter.
- To facilitate free and open communication among independent directors, each board meeting may be preceded or followed with a session at which only independent directors are present, except as may otherwise be determined by the independent directors themselves.
- Independent non-executive directors shall meet at least once a year without Executive Management being present following or preceding the Board meeting.
- When considered necessary, board members may decide to call members of senior management in the Board meetings.
- Meetings may also be held through circular resolution or the teleconferencing facility. Provided that Articles of Association are amended accordingly.
- The Chairman shall chair all sessions of the Board and set the agenda for Board meetings. In the absence of the Board Chairman at a meeting, the Vice Chairman shall chair the session or by whomever delegated by the Board.
- The Chairman should ensure that all Directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary, between meetings. All Directors should receive the same information. Directors should also note that they have a duty to inform themselves, and they should ensure that they receive adequate and timely information and should study it carefully.
- The Board and its committees must also maintain adequate records of its meetings, such that key decisions and how they are arrived at can be traced. Board minutes will be recorded for each meeting in a special register, signed by the members present at the meeting and secretary of the Board.



- If there is an equality of votes, the Chairman will have a casting vote in addition to his/her deliberative vote.
- A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board. Voting arrangements and the resolution shall be in accordance with the provisions of the Memorandum and Articles of Association.

## **BOARD ATTENDANCE**

The director should be able to devote sufficient time to perform his/ her duties as a director.

All Board members shall attend at least 75% of all Board meetings within a calendar year and Board members shall step down if they are unable to attend four consecutive Board meetings without a valid leave of absence.

## **REPORTING OF THE MEETINGS**

The Secretary shall minute the proceedings and resolutions of all Board meetings.

Minutes will be tabled for circulation and endorsement at the subsequent meeting and approved by the Chairman of the Board of Directors, the members present at the meeting and the Secretary of the Board.

## **BOARD REMUNERATION**

The form and amount of director compensation is determined by the Board based upon the recommendation of Nomination & Remuneration Committee.

## **AUTHORITY**

The Board of Directors is the ultimate decision-making body of the Company except for matters reserved for the shareholders of the Company.

Consistent with the Board's power to delegate management of the day-to-day operation of the Company's business, the Board shall exercise business judgment in establishing and revising Discretionary Authority Limits (DAL) for authorization of expenditures and other corporate actions.

The purpose of the DAL is to assist the Board with visibility into key areas/transactions and perceived risks. The thresholds for the identified areas will depend upon the operating requirements of the company.

The Board shall deliberate and approve expenditures and other corporate actions as defined in the DAL.

## **RIGHTS OF THE BOARD OF DIRECTORS**

The Board shall have such rights and privileges as awarded by the Code of Corporate Governance, Bahrain Commercial Law and Central Bank of Bahrain requirements. In this regard the Board's typical rights may include:

### **A. Right of Access to Information**

A record of Board submissions and papers, and of materials presented to the Board, shall be maintained and held by the Company Secretary together with minutes of meetings. All such records are accessible to Directors.

### **B. Access to Independent Advice**

Each individual director shall have access to independent legal or other professional advice at the company's expense whenever they judge this necessary to discharge their responsibilities as directors in accordance with the company's policy approved by the Board.

## **EVALUATION OF THE BOARD AND EACH COMMITTEE**

At least annually the Board shall conduct self-evaluation of its performance and the performance of each committee and each individual director.

The evaluation process must include:

- Assessing how the board operates, especially in light of this charter.
- Evaluating the performance of each committee in light of its specific purposes and responsibilities, which shall include review of the self-evaluations undertaken by each committee.
- Reviewing each director's work, his attendance at board and committee meetings, and his constructive involvement in discussions and decision-making.

- Reviewing the Board's current composition against its desired composition with a view toward maintaining an appropriate balance of skills and experience and a view towards planned and progressive refreshing of the Board.
- While the evaluation is a responsibility of the entire board, it may be organized and assisted by an internal Board Committee and, when appropriate, with the help of external experts; and
- The Board shall report to the shareholders, at each annual shareholder meeting, that evaluations have been made and recommend any changes required.

## **DIRECTOR'S CODE OF CONDUCT**

Directors and key executives of the Company:

- Will act honestly, in good faith and in the best interests of the whole Company;
- Owe a fiduciary duty to the Company as a whole and have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- Will undertake diligent analysis of all proposals placed before the Board;
- Will act with a level of skill expected from directors and key executives of the Company;
- Will use the powers of office for a proper purpose in the best interests of the Company as a whole;
- Will demonstrate commercial reasonableness in decision making;
- Will not make improper use of information acquired as Directors and key executives;
- Will not disclose non-public information except where disclosure is authorized or legally mandated;
- Will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorized by the person from whom the information is provided, or is required by law;

- Will not take improper advantage of the position of Director or use the position for personal gain or to compete with the Company;
- Will not take advantage of Company property or use such property for personal gain or to compete with the Company and will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- Will not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;
- Have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- Will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally towards achieving its goals;
- Will not engage in conduct likely to bring discredit upon the Company;
- Will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees;
- Will encourage the reporting of unlawful/unethical behavior and actively promote ethical behavior and protection for those who report violations in good faith and will give their specific expertise generously to the company; and
- Have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

## **COMMITTEES OF THE BOARD**

The Board may create specialized committees when and as such committees are needed to govern the issues of business in an improved manner.

Committees must act only within their mandates and therefore the Board must not allow any committee to dominate or effectively replace the whole board in its decision-making responsibility.

Committees could be combined provided that no conflict of interest might arise between the duties of such committees.

Each Board committee shall have a formal written charter. The Charter of Board Committees should be reviewed annually. At a minimum the Board must establish an Audit and Nomination, Remuneration and Governance Committee.

## **THE AUDIT COMMITTEE**

The Company shall formulate an Audit and Risk Committee in compliance with the provisions of the new code of Corporate Governance which binds the constitution and functioning of the Committee.

## **ROLE OF THE AUDIT COMMITTEE**

The Audit Committee is appointed by the Board of Directors and is charged with assisting the Board in its oversight of:

- Company's Accounting and Financial practices,
- The integrity of the Company's financial & internal controls, risk management and financial statements,
- Compliance with legal and regulatory requirements, including the Company's corporate governance guidelines and ethical standards and policies,
- The appointment, qualifications, compensation, independence and performance of the Company's external auditor,
- The appointment and performance of the Company's internal audit function.

## **COMMITTEE STRUCTURE**

- The Board appoints the members including the Chairman.
- The Vice-Chairman shall be appointed by the Committee.
- Audit Committee members, including the Chairman shall be recommended by the Nominations, Remuneration and Governance Committee (NRGC).
- The committee shall comprise of at least 3 members/directors, the majority of which shall be the independent directors including the Chairman. The committee shall be headed by the Chairman who shall be the independent director.
- Appointment should be for up to 3 years; extendable for up to 3 years or longer as approved by the Board.

- The members of the committee shall not have conflict of interest with any other duties they have for the company.
- The term of service of the committee members who are also directors shall be co-terminus with their service to the Board.
- The committee shall appoint a Secretary, who shall minute the proceedings of the committee and appointed for purposes of all secretarial duties.
- The external auditor, internal auditor and Accounts & Finance Manager shall normally attend meetings and may participate in the discussions. They will have no voting rights.

## **COMMITTEE MEMBERSHIP AND QUALIFICATIONS**

The committee members must have sufficient technical expertise to enable the committee to perform its functions effectively. Technical expertise means that members must have recent and relevant financial ability and experience, which includes:

- An ability to read and understand corporate financial statements including Company's balance sheet, income statement and cash flow statement and changes in shareholders' equity.
- An understanding of the accounting principles which are applicable to the Company's financial statements.
- Experience in evaluating financial statements that have a level of accounting complexity comparable to that which can be expected in the business.
- An understanding of the Audit Committee's functions and importance.
- An Unless otherwise designated to another committee, review the risk management policies and procedures as well as any reports and plans issued in terms of such policies.

## **COMMITTEE MEETINGS AND QUORUM**

- Committee shall elect one member as its Chairman.
- The committee shall meet at least four times a year preferably one in each quarter coinciding with the financial reporting and audit cycle or as required to undertake its role effectively. The

Audit Committee Chairman shall call a meeting of Audit Committee if so, requested by any Committee member, the Chairman, Internal Auditor or External Auditor.

- The quorum of the meeting shall be two members including Chairman and/or Vice-Chairman.
- The Audit Committee Chairman shall chair all regular sessions of the Audit Committee and set the agenda for meetings. The Secretary of the Audit Committee shall provide the members with an agenda and necessary documentation at least 7 days before the meetings take place.
- In absence of the Audit Committee Chairman at a meeting, the remaining members present shall elect one of their members to chair the meeting.
- The Committee members must attend 75% of all meetings during the financial year to remain on the Audit Committee. Non-compliance with attendance requirements can only be approved under special request to and approved by the Board.
- Members of the management and/or external parties to the Company may be invited by the Audit Committee Chairman to attend any Audit Committee meeting or part thereof.
- The Audit Committee shall meet at least once annually with the External and Internal Auditors independently and without Management's presence.
- The minutes of the meeting shall be the responsibility of the secretary of the committee.
- Minutes of the meeting shall be circulated within 10 working days of the date of the meeting.
- The minutes of the meeting shall be approved by the committee in every succeeding meeting.
- The committee shall keep the Board updated on its proceedings.

## **REPORTING**

- The Audit Committee Chairman shall submit a report to the Board at the earliest scheduled Board meeting after each committee meeting.
- Reports will cover any matters that in the opinion of the committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action.

## **VOTING RIGHTS**

- A duly convened meeting of the Audit Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Audit Committee.

- All decisions of the Audit Committee will be based on a simple majority of the members present at the meeting. In the event of a tie, the Audit Committee Chairman or in his absence, the Acting Chairman of the Audit Committee will have the casting vote.
- Any attendee who is not a member of the Audit Committee may not vote on any matter coming before the Audit Committee for a vote.

## **COMMITTEE RESOURCE AND AUTHORITY**

- The committee shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, accounting or other advisors as it deems necessary or appropriate, without seeking the approval of the board or management.
- The company shall provide appropriate funding for the compensation of any such persons.
- The Audit Committee is authorized to seek any information it requires from any employee of the Company in order to perform its duties.
- The Audit Committee may order inspections and specific audit examinations on any areas of the Company's operations.

## **GUIDING PRINCIPLES**

The Audit Committee will be guided by the following broad principles:

- Protection of Company's reputation.
- Integration of regulatory requirements into business processes.
- Anticipate regulatory changes.
- Maintain regular communication with regulatory bodies.
- Avoidance of duplication with the function of internal audit.

## **VISIBLE DELIVERABLES**

The visible deliverables of the Audit Committee will include:

- An annual Internal Audit Plan
- Appointment of external / internal auditors
- Follow up on audit findings.
- Reviewed financial statements and annual report.



- Review Internal Audit Report

## **COMMITTEE PERFORMANCE EVALUATION**

- The Audit Committee shall submit in writing, and review with the Nomination, Remuneration & Governance Committee, an annual performance evaluation of the Audit Committee. This evaluation will compare the performance of the Audit Committee with the requirements of this Charter and include any improvements.
- The report must be in the form of a written report provided at any regularly scheduled board meeting.
- The Board may require the Audit Committee Chairman, or appointed nominee from the Audit Committee, to present and discuss the findings and recommendations of this report.

## **MINUTES OF MEETING**

The Secretary to the Committee will be responsible for preparing minutes of the Committee meetings. The minutes of the Audit Committee meetings will be tabled and approved at the subsequent meeting and signed off by the Chairman of the Audit Committee. Thereafter, it will be circulated to all members of the Board.

## **NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE**

### **ROLE OF NRCG**

The purpose of the NRCG is to assist the Board of Directors in:

- Identifying persons qualified to become members of the Board of Directors and Corporate Secretary and any other officers of the company considered appropriate by the Board;
- Making recommendations to the whole Board of Directors, including recommendations of candidates for Board membership (including renewals or reappointment) to be included by the Board of directors on the agenda for the next annual shareholders meeting;
- Reviewing the company's remuneration policies for the Board of Directors and senior management (holding controlled functions), which must be approved by the shareholders and be consistent with the corporate values and strategy of the Company;

- Making recommendations regarding remuneration policies and amounts for specific persons to the whole board, taking account of total remuneration including salaries, fees, expenses and employee benefits;
- Recommending board member remuneration based on their attendance and performance;
- Developing and implementing the Company's corporate governance guidelines;
- Determining the composition of the Board of Directors and its Committees;
- Developing and overseeing a process to assess the Board Chair, the Board, Board Committees, Chairs of Committees, and individual Directors; and
- Overseeing the Company's policies concerning business conduct, ethics, public disclosure of material information and other matters.

## **COMMITTEE STRUCTURE**

- NRGC members shall be nominated and appointed by the Board.
- The Committee shall be comprised of at least 3 members. The committee will include only independent Directors or, alternatively, only non-executive Directors of whom the majority is independent Directors, and the chairman is an independent Director.
- Appointments shall be for 3 years, extendable up to 3 years or longer as approved by the Board.
- The Secretary of the Committee is to be appointed by the Chairman of the Committee from time to time.
- The term of service of the NRGC members shall be co-terminus with their service to the Board.
- Vacancies shall be filled for the remainder of the current term from the existing Board members.

## **COMMITTEE MEMBERSHIP AND QUALIFICATIONS**

The Board shall ensure that the directorship, compensation, and governance issues faced by the Company are covered by the skills of the NRGC members, which should include the following:

- Independence from day-to-day activity.
- Knowledge of the markets, business and strategies of the Company and the way rewards are structured in the industry.

- Knowledge of performance measurement systems (financial and non-financial metrics);
- In general, NRGC members should possess requisite characteristics such as integrity, judgment, credibility, trustworthiness, strategic thinking, intuition, vision, industry knowledge, communication skills, decision-making ability, interpersonal skills, willingness to participate actively and ability to handle conflicts constructively.

## **COMMITTEE MEETINGS AND QUORUM**

- Committee shall elect one member as its Chairman.
- The committee shall meet at least 2 times a year or as required to undertake its role effectively. The NRGC Chairman will call a meeting of the NRGC if so requested by any member of the NRGC or the Chairman of the Board.
- The quorum of the meeting shall be two members. The NRGC Chairman will chair all regular sessions of the NRGC and set the agenda for meetings.
- The Secretary of the NRGC shall provide the members with an agenda and necessary documentation at least seven days before a meeting takes place.
- In the absence of the NRGC Chairman at a meeting, the remaining members present shall elect one of their numbers to chair the meeting.
- NRGC Committee members must attend 75% of all meetings during a financial year of the Company to remain on the Committee. Non-compliance with attendance requirements can only be approved under special request to and approved by the Board.
- The minutes of the meeting shall be the responsibility of the Secretary of the Committee.
- Minutes of the meeting shall be circulated within 10 working days of the date of meeting
- The minutes of the meeting shall be approved by the Committee in every succeeding meeting.
- The Committee shall keep the Board updated on its proceedings.
- Members of management and/or parties external to the Company may be invited by the Chairman to attend any meeting of the NRGC or part thereof.

## **REPORTING**

- NRGC's Chairman shall submit a report to the Board at the earliest scheduled Board meeting after each committee meeting.
- Reports will cover any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action.

- Report at least annually to the Board providing a comprehensive overview of remuneration arrangements for the Company's senior management team. The Annual Remuneration Report shall also provide a schedule of likely issues and initiatives that the NRGC plans to address over the forthcoming year.

## VOTING RIGHTS

- A duly convened meeting of the NRGC at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the NRGC.
- All decisions of the NRGC will be based on a simple majority of the members present at the meeting. In the event of a tie, the Chairman or in his absence, the Acting Chairman of the NRGC will have the casting vote.
- No NRGC member shall vote or participate in a determination of any matter in which the member shall or may receive a special private gain. NRGC members have a duty of loyalty that precludes them from being influenced by motives other than the accomplishment of the purposes of the NRGC.
- No member of the Board (or of the NRGC) shall attend those parts of the NRGC where their own remuneration is considered.
- The Chairman of the NRGC shall review the performance and recommend the remuneration for the other members of the NRGC. Any attendee who is not a member of the NRGC may not vote on any matter coming before the NRGC for a vote.
- All decisions of the NRGC relating to remuneration shall be referred to the Board of Directors. These decisions shall take effect only upon resolution by the Board. However, the Board shall only have the power to approve rather than to vary a decision on remuneration matters. In the event that the Board is unable to approve the NRGC decision, the matter shall be referred back to the NRGC by the Board for further consideration.

## COMMITTEE RESOURCE AND AUTHORITY

- The committee shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, consulting or compensation firms used to evaluate the compensation of directors, the General Manager or other officers, without seeking the approval of the board or management.
- The company shall provide appropriate funding for the compensation of any such persons.
- For appointment of consultants or executive search firms used to identify director candidates, this authority shall be vested solely in the Committee.
- The NRGC is authorized to seek any information it requires from any employee of the Company in order to perform its duties.

## **GUIDING PRINCIPLES**

The NRGC will be guided by the following broad principles:

- Protection of the Company's reputation
- Protection of clients
- Integration of regulatory requirements into business processes
- Facilitate growth by early assessment of compliance aspects of new initiatives.
- Anticipate regulatory changes.
- Maintain regular communication with regulatory bodies.
- Avoidance of duplication with the function of internal audit

## **VISIBLE DELIVERABLES**

The visible deliverables of the NRGC will include:

- Formation of sub-committees.
- Nomination of Board and Sub-committees' members.
- Selection criteria and appointment procedures for Board and Sub-committee members.
- Role description and capabilities required for a particular appointment.
- Annually updated long-term plan for Board composition that takes into consideration the current strengths, skills and experience on the Board, retirement dates and the strategic direction of the Company vis-à-vis the Board's short-term needs and long-term succession plans.
- Remuneration structure for the Company including Directors' and senior management.
- Performance evaluation of the Board, Sub-committees and individual directors.
- Establishment and approval of a Long-Term Incentive Plan (LTIP)
- Rewards system for senior management and other staff, as appropriate.
- Induction plan and continuing education program / training for Directors.
- Corporate governance framework, Charters, Terms of References, Code of Conduct, and other governance documents.
- Conflict of interest resolution.

## **COMMITTEE PERFORMANCE EVALUATION**

- The NRGC shall submit in writing an annual performance evaluation of the NRGC. This evaluation will compare the performance of the NRGC with the requirements of this Charter and include any improvements.

- The Board may require the NRGC Chairman, or appointed nominee from the NRGC, to present and discuss the findings and recommendations of this report.

### **MINUTES OF THE MEETING**

The Secretary to the Committee will be responsible for preparing minutes of the Committee meetings. The minutes of the NRGC meetings will be tabled and approved at the subsequent meeting and signed off by the Chairperson of the NRGC. Thereafter, it will be circulated to all members of the Board.

### **REMOVAL AND VACANCIES**

Any member of the NRGC may be removed and replaced at any time by the Board and will automatically cease to be a member as soon as he or she ceases to meet the qualifications. The Board will fill vacancies on the NRGC by appointment from among qualified members of the Board on the recommendation of the NRGC. If a vacancy exists on NRGC, the remaining members may exercise all of its powers so long as a quorum remains in office.

### **ANNUAL GENERAL MEETING**

The Chairman of the NRGC shall attend the Annual General Meeting in order to respond to any shareholder inquiries on the NRGC's activities.

### **CONFIDENTIALITY**

Members of the NRGC and other persons who attend the committee meetings must maintain confidentiality on all documents they receive, on the contents of deliberations and on all other confidential information of the Company, its subsidiaries, affiliates or its customers, particularly operating and business information that are disclosed to them in the course of their work on the NRGC. Every Board member shall have unrestricted access to all records of the NRGC, but in accessing such records, the member must disclose to the Board that they have activated such rights.