



شركة الصقر للإسمنت ش.م.ب.(مقفلة)
FALCON CEMENT COMPANY B.S.C. (c)

Corporate Governance Code

Falcon Cement Company B.S.C. (c)

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1. CODE OF THE BOARD

1.1 Purpose

This code sets out the key values and principles of the Board of directors of Falcon Cement Company B.S.C.(c) (“FCC” of the “Company”).

It provides a concise overview of the role and responsibilities of the Board of directors; powers of the Board and Board committees; separation of roles between the Board and Management; and the practice of the Board in respect to the corporate governance matters.

1.2 Objective

The Board oversees the conduct of the company’s business, performance of the senior management, review of the company’s financial position and objectives, major corporate plans and strategies.

The Board exercise leadership, integrity and judgment in directing the company as it is their fiduciary responsibilities to ensure compliance with applicable laws and regulations, and maintenance of accounting, financial or other controls.

1.3 Authority

The Board 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 the day-to-day operation of the company’s business, the Board shall exercise business judgment in establishing and revising guidelines for authorization of expenditures and execution of corporate actions. In addition, the Board shall have complete access to the company’s senior management.

1.4 Communications/ Reporting

The Board must establish appropriate committees such as Audit, Nominating, Remuneration and Governance Committees. Each respective committee must report directly to the Board of Directors regarding its activities, issues and related recommendations. Where deemed necessary the committees can be clubbed subject to receiving consent of Ministry of Industries, Commerce and Tourism of Bahrain (MOICT).

The code of each committee is to be reviewed periodically with a view to delegate authority of the Board. Such authority will be set forth in board resolutions pertaining to the code of the respective board committee.

1.5 Mandate of the Board of Directors and their role and responsibilities

1.5.1 The principal role of the Board, is to oversee the implementation of the Company’s strategic initiatives, annual operating plan and budget, and it’s functioning within the agreed framework, in accordance with relevant statutory and regulatory structures. The Board ensures the adequacy of financial and operational systems and internal controls.

1.5.2 In addition, the Board is mandated for the following:

1.5.2.1 Review and approve all policies pertaining to Company’s operation and functioning.

- 1.5.2.2 Review and approve the quarterly and annual financial statements.
- 1.5.2.3 Ensure the adequacy of financial and operational systems and internal control, as well as the implementation of corporate ethics and the code of conduct.
- 1.5.2.4 Ensure equitable treatment to the minority shareholders.
- 1.5.2.5 Establish the objectives of the Company's and monitor senior management performance;
- 1.5.2.6 Monitor conflicts of interest and preventing abusive related party transactions;
- 1.5.2.7 Convene and prepare the agenda for shareholder meetings.
- 1.5.2.8 Approve and monitor overall business performance and strategy of the Company, including its risk tolerance and appetite;
- 1.5.3 In its strategy review process, the Board must:
 - 1.5.3.1 Review the Company's business plans and the inherent level of risk in these plans;
 - 1.5.3.2 Assess the adequacy of capital to support the business risks of the Company;
 - 1.5.3.3 Set performance objectives; and
 - 1.5.3.4 Oversee major capital expenditures.
- 1.5.4 The Board will account to the company's shareholders for the following:
 - 1.5.4.1 Fiscal responsibility & accountability, budget approval, and formulation of policies;
 - 1.5.4.2 Responsibility for controls and conditions pertaining to existing programs or new initiatives and their respective outcome.
 - 1.5.4.3 Expenditure of the company's funds

1.6 Matters reserved for the Board of Directors

Below is a list of matters reserved for the consideration and decision making by the Board. The list is not exhaustive and should be applied in addition to Board statutory requirements, Company's Policy and Procedures and good governance practices.

1.6.1 Strategic and Operational Considerations

- a) Approval of the Company's annual and long-term business plan, strategies, and long term corporate objectives.
- b) Monitoring of performance of the annual management business plan and mid-year review, forecasts of profits or cash flows or revisions or changes thereto.
- c) Approve the business strategy and the inherent level of acceptable risk.
- d) Approval of policies and procedures.
- e) Ensure management effectively implements the strategic plan and stays within risk parameters.
- f) Monitor the Company's progress towards its goals, operational and financial results relative to budgets and/or plans.
- g) Approve the extension of the Company's operations into new business or geographical areas.
- h) Decision to cease to operate all or any material part of the business.

1.6.2 Structure, Capital and Financial Considerations

- a) Changes relating to the Company's corporate structure as well as the capital structure for example

share issues, reduction of capital, change in license or business status or its listing subject to the regulatory and shareholders' approval.

- b) Assess the adequacy of capital to support the business risks of the Company.
- c) Approve the annual budget and targets, and monitor financial performance.
- d) Ensure financial results are reported fairly and in accordance with IFRS; and approve any significant changes in accounting policies and practices.
- e) Approval of quarterly, preliminary annual results and annual audited accounts or any audited accounts for special purposes.
- f) Approval of interim dividend and recommendation of final dividend.

1.6.3 Corporate Governance, Compliance and Internal Control Matters

- a) Approve the Company's corporate governance framework and ensure it conforms to better practices.
- b) Determine the independence of Directors.
- c) Undertake a formal and rigorous review of its own performance, its committee and individual directors, as well as determine Directors' independence and conflict of interests.
- d) Ensure the Company operates at all times within applicable laws and regulations
- e) Ensure that the Company's policies and procedures and manuals comply with all government and regulatory requirements.
- f) Ensure management effectively implement and maintain the integrity of the Company's internal control and management information systems
- g) Ensure Management identifies the principal risks of the Company's business and that Management has implemented appropriate systems to manage these risks
- h) Approve the risk parameters and the Company's risk appetite.
- i) Set high business standards and code of ethical behaviour.

1.6.4 Remuneration

- Approve the remuneration policy based on the recommendations of the BRC.
- Determining the remuneration of the directors, subject to the articles of association and shareholder approval as appropriate, based on the recommendations of the BRC.

1.6.5 Delegation of Authority

- Approve the delegation of responsibilities and authorities to Board Committees and to Management whilst reserving certain powers to itself as per the Delegation Authority Limits.
- Approve defined limits of spending authority for the CEO for expenditures not included in previously approved business plans.

1.6.6 Human Resources

- Approve the goals and objectives of the CEO and review performance at least annually.
- Ensure that succession programs and plans are in place for key management personnel.

1.6.7 External Service Providers

- Appointment, reappointment or removal of the external auditor to be put forward to shareholders for approval, following the recommendation of the audit committee.
- Approval of the appointment of the Company's principal professional advisers / advisory panel / consultative council.

1.6.8 Reporting to Shareholders

- Report annually to the Shareholders on the Board's stewardship for the preceding year.

1.6.9 Litigation

- Prosecution, defence or settlement of litigations.

1.6.10 Insurance

- Ensure that robust arrangements are in place for Directors' and Officers' liability insurance and indemnification of directors and approve the levels of cover held.
- Approve the overall levels of other insurances held for the Company.

1.6.11 Other Considerations

- Proposal of matters that are specifically reserved for the approval of the shareholders in general meeting.
- Calling of annual general meetings, extraordinary general meetings and approving notices and agendas.
- Approval of any proposals or transactions amounting to a Related Party Transactions requiring announcements, circulars or shareholders' approval, not being in the ordinary course of business.
- Approve amendments to the Memorandum and/or Articles of Association of the Company prior to tabling to the shareholders vide EGM.
- The board is responsible for ensuring that the systems and controls framework, including the board structure and organisational structure of the company, is appropriate for its business and associated risks

1.7 Terms of Directorship

- a) Membership term shall not exceed three years, which shall not be limited for the re-election for further term.
- b) When proposing the re-election of any director, the Chairman shall confirm to the shareholders that, following the formal performance evaluation, the director's performance continues to be effective and to demonstrate a clear commitment to the role.
- c) Any term beyond six years (e.g. two three-year terms) for a director shall be subject to particularly rigorous review, and shall take into account the need for progressive refreshing of the Board.

1.8 Election of Directors

- a) The General Assembly (GA) shall elect the members of Board of Directors by cumulative secret ballot.
- b) The Board of Directors shall elect by secret ballot the Chairman and the Vice-Chairman for the term of the Board.

1.9 Termination of Directorship

- a) The company's articles of association (AOA) shall specify the cases in which Board membership is terminated.
- b) Shareholders representing not less than 10% of the capital may submit a requisition for the removal of all or any of the Board of Directors of the Company. Such requisition shall be brought before the Board of Directors and the Board shall bring the said requisition before the GA within one month from the date of submission.
- c) In the event of failure on the part of the Board of Directors to bring such a requisition before a GA as aforesaid the MOICT summon a GA for the purpose of considering such requisition.
- d) The GA shall not entertain a requisition with regard to the removal of all or any of the Directors unless such requisition has previously been placed on its agenda.
- e) A Director who has been removed by the GA pursuant to a request as aforesaid may seek compensation from the Company in the event of his removal for an unjustifiable cause or at an inappropriate time.
- f) The board member may resign his office provided that he resigns in a convenient time otherwise he shall be liable to pay compensation.

1.10 Management Structure of the Company

1.10.1 Establishment of Management Structure

As applicable, the Board shall appoint and supervise executives whose authorities shall include management and operation of the company's day-to-day activities and reporting to the Board. These officers shall include at a minimum:

- a. Chief Executive Officer (CEO)
- b. Chief Financial Officer (CFO)
- c. Board Secretary.
- d. Internal auditor.

1.10.2 Job Titles, Authorities, Roles and Responsibilities

- a. As applicable, the Board shall adopt internal regulations prescribing each senior officer's job title, authorities, roles and internal reporting responsibilities, in consultation with the nomination committee and in coordination with the CEO, to whom the other officers shall normally report.
- b. Whenever practical, the Board secretary shall be a person with legal or similar professional experience and training

1.10.3 Succession Plan

- a. As applicable, the Board shall review, at least once a year, and approve the succession plan which involves the policies and principles for selecting the successor of the CEO, both in emergencies and in the ordinary course of business.
- b. The succession plan shall include an assessment of the experience, performance, skills and career paths of potential candidates for the chief executive officer position.

1.11 Board relationship with the shareholders

- 1.11.1 The Board will maintain an effective communications policy that enables both the Board and management to communicate effectively with its shareholders, encourage their participation, and respect their rights.
- 1.11.2 The Board will ensure that the Ordinary General Meeting (OGM) is conducted in an efficient manner and serves as a crucial mechanism in active shareholder communications. Key ingredients behind this include the supply of comprehensive timely information to shareholders and the encouragement for their active participation in the OGM.
- 1.11.3 On annual basis, the Board shall submit report on Corporate Governance to the OGM as a separate agenda item, addressing implementation of and non-compliance with MOICT's corporate governance code.
- 1.11.4 The Board must observe both the letter and the intent of the Bahrain's Commercial Companies Law (CCL) requirements for the shareholder meetings; among other things:
- 1.11.4.1 Notices of meetings must be honest, accurate and not misleading. They must clearly state and, where necessary, explain the nature of the business of the meeting;
 - 1.11.4.2 Meetings must be held during normal business hours and at a place convenient for the greatest number of shareholders to attend;
 - 1.11.4.3 Notices of meetings must encourage shareholders to attend shareholder meetings and, if not possible, to participate by proxy and must refer to procedures for appointing a proxy and for directing the proxy how to vote on a particular resolution. The proxy agreement must list the agenda items and must specify the vote (such as "yes," "no" or "abstain");
 - 1.11.4.4 Notices must ensure that all material information and documentation is provided to shareholders on each agenda item for any shareholder meeting, including but not limited to any recommendations or dissents of directors;
- 1.11.5 The Board must propose a separate resolution at any meeting on each substantially separate issue, so that unrelated issues are not "bundled" together;
- 1.11.6 In meetings where directors are to be elected or removed the Board must ensure that each person is voted on separately, so that the shareholders can evaluate each person individually;
- 1.11.7 The chairman of the meeting must encourage questions from shareholders, including questions regarding the Company's corporate governance guidelines;
- 1.11.8 The minutes of the meeting must be made available to shareholders upon their request as soon as possible but not later than 30 days after the meeting; and
- 1.11.9 Disclosure of all material facts must be made to the shareholders by the Chairman prior to any vote by the shareholders.
- 1.11.10 All the directors should be required to attend and be available to answer questions from shareholders at any shareholder meeting and, in particular, ensure that the chairs of the audit, remuneration and nominating committees are ready to answer appropriate questions regarding matters within their committee's responsibility (it being understood that confidential and proprietary business information may be kept confidential).
- 1.11.11 The external auditor should be required to attend the OGM and be available to answer shareholders'

questions concerning the conduct and conclusions of the audit.

1.11.12 In notices of meetings at which directors are to be elected or removed the Company should ensure that:

1.11.12.1 Where the number of candidates exceeds the number of available seats, the notice of the meeting should explain the voting method by which the successful candidates will be selected and the method to be used for counting of votes; and

1.11.12.2 The notice of the meeting should present a factual and objective view of the candidates so that shareholders may make an informed decision on any appointment to the board.

1.11.12.3 In addition, Board attendance percentage must be reported during any AGM when Board members stand for re-election.

1.11.13 The chairman of the Board (and other directors as appropriate) must maintain continuing personal contact with controllers to solicit their views and understand their concerns. The chairman must ensure that the views of shareholders are communicated to the Board as a whole. The chairman must discuss governance and strategy with controllers.

1.11.14 Where the Company has one or more controllers, the chairman and other directors must actively encourage the controllers to make a considered use of their position and to fully respect the rights of minority shareholders.

1.11.15 It is the role of the Board to ensure that the OGM is conducted in an efficient manner and serve as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive timely information to shareholders and the encouragement of active participation in the AGM.

1.11.16 The OGM of the shareholders will be summoned by the Chairman of the Board of Directors at the time and place as decided by the Board of Directors subject to provisions of the law in this respect. The OGM will be held at least once in every financial year with in six months following the end of the financial year of the company. The Board of Directors may summon the OGM at any time if requested to do so by the Auditors or a number of shareholders representing 10% of the capital of the company provided that they shall have serious cause for such request.

1.11.17 The Auditor may summon the OGM in the cases as per provisions of the Law.

1.11.18 The Ministry of Industry, Commerce and Tourism may summon the General Meeting to convene on the lapse of one month following the date fixed for convening such meeting without a meeting being convened, or if the number of members of the Board of Directors falls below the required quorum for holding the Board's meetings, or at the request of a number of shareholders representing 10% of the capital of the Company provided that they shall have reasonable grounds justifying such request.

1.11.19 The Minister of Industry, Commerce and Tourism may by resolution summon the General Meeting to convene whenever he deems that there are reasons requiring such action.

1.11.20 The Corporate Secretary is responsible to minute the discussion and decisions of these meetings.

1.12 Board Secretary

1.12.1 The appointment and removal of the Board Secretary is a matter for the Board, not for the CEO or any other officer.

- 1.12.2 The Board recognizes the fact that the secretary should be suitably qualified and capable of carrying out the duties required of the post. Assist the Chairman in governance processes such as Board and its Committees evaluation.
- 1.12.3 The Board secretary's duties include arranging, recording and following up on the actions, decisions and meetings of the Board and of the shareholders (both at ordinary and extraordinary meetings) in books to be kept for that purpose.
- 1.12.4 The Board secretary should be given general responsibility for reviewing the Company's procedures and advising the Board directly on such matters.
- 1.12.5 A record of Board submissions and papers, and of materials presented to the Board, shall be maintained and held by the Board Secretary together with minutes of meetings. All such records are accessible to members.

1.13 Board Resolutions & Minutes

- 1.13.1 The Board Secretary shall minute the proceedings and resolutions of all Board and its Committee meetings.
- 1.13.2 Minutes will be tabled for circulation for endorsement at the subsequent meeting by the Board Secretary and approved by the Chairman of the Board and the members present at the meeting.
- 1.13.3 A Director who objects to any resolution adopted by the Board shall have his objection recorded in the minutes.
- 1.13.4 All resolutions by circulation should be tabled at the subsequent Board meeting for ratification.

1.14 Board Meetings and Quorum

- 1.14.1 Board meetings will be conducted at least on a quarterly basis (minimum four) either in Bahrain or abroad.
- 1.14.2 The Board of Directors meets at the summons of its Chairman or if requested to do so by at least two Directors.
- 1.14.3 Written notice for conduct of Board meeting should be given at least 14 days in advance of the meeting. The Chairman, Chief Executive and the Board Secretary shall undertake the primary responsibility of preparing the Board's agenda. The agenda should include matters specifically reserved for the Board's decision.
- 1.14.4 All directors must attend the meetings whenever possible and the directors must maintain informal communication between meetings.
- 1.14.5 Individual board members must attend at least 75% of all board meetings in a given financial year to enable the board to discharge its responsibilities effectively.
- 1.14.6 Directors shall have complete access to the Company's Senior Management through the Chief Executive or through the Board Secretary as per arrangement consented by the Chairman.
- 1.14.7 The Board meeting shall not be convened unless at least 50% of the Board members are present.
- 1.14.8 The dates of the meetings for the year should be set forth and agreed at the beginning of the year.
- 1.14.9 To the extent possible, meetings will be scheduled to coincide with meetings of the Board Sub-Committees. Meetings may also be held through circular resolution or the video/ tele-conferencing facility.

In such circumstances, the resolution passed must be ratified at the next meeting.

- 1.14.10 Any Board member may delegate a representative to attend meetings providing the delegate is a Board member itself. This delegation right shall not apply to more than two members, providing the number of members present is not less than 50% of the Board membership including the Chairman. The delegation shall be specific and clearly stated in writing; it should be received by the Board of Directors at least three days before the Board meeting date.
- 1.14.11 The Head of Internal Audit or any other member of the senior management or staff may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.
- 1.14.12 The Chairman will 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 will chair the meeting.
- 1.14.13 The Chairman shall cause minutes to be prepared to record all resolutions and proceedings of all meetings of the Board.
- 1.14.14 Board Members are expected to make all effort to attend Board meetings and prepare thoroughly for deliberations of the Board. Members are expected to participate fully, frankly and constructively in Board discussions and activities and to bring the benefit of their particular knowledge, skills and abilities to the Board deliberations.
- 1.14.15 Board discussions should be open and constructive, recognizing that genuinely-held differences of opinion could, in circumstances, bring greater clarity and lead to better decisions; and the Board minutes should record the range and nature of the debate and issues discussed. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

1.15 Voting Rights

- 1.15.1 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.
- 1.15.2 Any attendee who is not a member of the Board may not vote on any matter coming before the Board for a vote.
- 1.15.3 All decisions of the Board will be based on a simple majority of the members present at the meeting. In the event of a tie, the Chairman of the Board will have a casting vote.
- 1.15.4 Board may when possible choose to vote electronically as decided by chairman of the meeting.

1.16 Board Decisions

- 1.16.1 The board must be collegial and deliberative, to gain the benefit of each individual director's judgment and experience.
- 1.16.2 The chairman must take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made.
- 1.16.3 No individual or group of directors must dominate the board's decision-making and no one individual

should have unfettered powers of decision.

1.16.4 Where there is the potential for conflict of interest, or there is a need for impartiality, the board must assign a sufficient number of independent board members capable of exercising independent judgment

1.17 Board Committees

1.17.1 The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the requirements of MOICT. The Board may establish the following independent committees or may combine any of the committees subject to receiving MOICT consent and ratification by the company's shareholders:

- a) Board Audit Committee
- b) Board Nominating Committee
- c) Board Remuneration Committee
- d) Board Corporate Governance Committee

1.17.2 Members of each Committee shall elect its Chairman in its first meeting.

1.17.3 The Committees shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The report shall include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.

1.17.4 The Board remains collectively responsible for the decisions of any committee and shall review the effectiveness and performance of committees annually.

1.18 Nominations to Shareholders

1.18.1 Nominations proposed by the Board to the shareholders for the election or re-election of Board members shall be accompanied by a recommendation of the Board, a summary of the nomination committee's report on these nominations, and the following information:

- a) The term of directorship, which shall not exceed three years.
- b) Personal details and professional qualifications.
- c) In the case of an independent director, a statement shall be prepared that the Board has determined that the criteria as defined by MOICT has been met.
- d) Any other board membership held in other companies.
- e) Details of other positions which involve significant time commitments.
- f) Details of the relationships between the candidate and the company, and between the candidate and other directors.

1.19 Ethics, Code of Conduct and Conflict of Interest

1.19.1 All directors and employees will act ethically at all times and adhere to the Company's Code of Conduct, the members of the Board should ensure that they conduct their affairs with a high degree of integrity, taking note of applicable laws, codes and regulations.

1.19.2 Each Director must make every practicable effort to arrange his personal and business affairs to avoid a conflict of interest with the Company.

1.19.3 Any decisions to enter into transactions, under which a Director would have conflict of interest should

be formally and unanimously approved by the full Board. Best practice would dictate that a Director must:

- a) Not enter into competition with the Company;
- b) Not demand or accept substantial gifts from the Company for himself or connected persons;
- c) Not misuse the Company's' assets;
- d) Not use the Company's privileged information or take advantage of business opportunities to which the Company is entitled, for himself or his associates; and
- e) Absent themselves from any discussions or decision-making that involves a subject where they are incapable of providing objective advice, or which involves a subject or (proposed) transaction where a conflict of interest exists.

1.19.4 Each Board Member must inform the entire Board of (potential) conflicts of interest in their activities with, and commitments to other organisations as they arise.

1.19.5 The Board Member must understand that any approval of a conflicted transaction is effective only if all material facts are known to the authorising persons and the conflicted person did not participate in the decision.

1.19.6 In any case, all approved persons including the Board Members must declare in writing all of their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a manager, or other form of significant participation) to the Board (or the Nominating or Audit Committees) on an annual basis.

1.19.7 The Company will disclose to its shareholders any abstention from voting motivated by a conflict of interest and must disclose to its shareholders any authorisation of a conflict of interest contract or transaction in accordance with the Company Law.

1.20 Board and its Committees Performance Management & Evaluation

1.20.1 The performance of individual directors and the whole board and its committees is evaluated annually. If, in the interim, if there are any matters which causes a concern, the affected director should discuss them with the Chairman as soon as is appropriate.

1.20.2 At least annually the Board must conduct an evaluation of its performance and the performance of each committee and each individual director.

1.20.3 While the evaluation is a responsibility of the entire Board, it will be organized and assisted by Board Nominating Committee (and, when appropriate, with the help of external experts to assess the performance of the Board, respective Board Committees, CEO and other senior management) results to be reported to the Board annually.

1.20.4 The Board shall, at least annually, review its Board Charter to ensure the applicability of the terms of the Board in exercising their duties and responsibilities effectively and recommend appropriate changes to the Board for approval where applicable.

1.20.5 The evaluation process must include:

- a) Assessing how the Board operates on the assigned responsibilities;
- b) 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;
- c) Reviewing each director's work, his attendance at Board and committee meetings, and his



constructive involvement in discussions and decision making;

- d) 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 toward planned and progressive refreshing of the Board; and
- e) Recommendations for new Directors to replace long-standing members or those members whose contribution to the Company or its committees (such as the audit committee) is not adequate.

1.21 Induction & Professional Development

1.21.1 The Board is required to be kept up to date with current business, industry, regulatory and legislative developments and trends that will affect the Company's business operations.

1.21.2 The chairman of the Board must ensure that each new director receives a formal and tailored induction to ensure his contribution to the Board from the beginning of his term. The induction must include meetings with senior management, visits to the Company's facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, its internal and external auditors and legal counsel.

1.21.3 All continuing directors must be invited to attend orientation meetings and all directors must continually educate themselves as to the Company's business and corporate governance.

2. BOARD AUDIT COMMITTEE

2.1 Purpose:

The Board Audit Committee (“BAC”) advises the Board on the integrity of the financial reporting and the effectiveness of the internal controls, risk management processes and internal audit function of the company. BAC assists the Board by ensuring that necessary remedial and corrective actions are taken to mitigate the possible short-falls or identified gaps/breaches.

The BAC is instrumental in the Board's fulfillment of its oversight responsibilities relating to:

- a) Integrity of the company's financial statement.
- b) Company's compliance with legal and regulatory requirement.
- c) Ensuring independence and performance of the company's external auditor.
- d) Monitoring the performance of company's internal audit function.
- e) Business practices and ethical standards of the company.

The BAC shall also fulfill other responsibilities as set forth in this code.

2.2 BAC Membership:

- a) BAC shall be composed of at least three independent members, who will be appointed for a term of three years.
- b) All members of the BAC must be free from any relationship that would interfere with the exercise of their independent judgement and shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements.
- c) At least one member of the BAC shall have accounting or related financial expertise.
- d) The Board Nominating Committee (BNC) shall recommend the nominees to the Board for appointment in BAC as any vacancy occurs or at the end of each term-period of three years.
- e) Board shall have the authority to make any changes or replace any member of BAC at any time.
- f) If any member is unable to participate in BAC meetings due to absence, illness or any other cause, the Board shall appoint another independent member to serve as an alternate member.
- g) Any member may resign upon giving written notice to the Chairman of the Board, the Corporate Secretary of the Board. The resignation shall be effective at the time such notice is given (unless the notice specifies a later time for the effectiveness of such resignation). If the resignation is effective at a future time, the Board may elect a replacement when the resignation becomes effective.
- h) The member of BAC shall elect its Chairman during the first meeting of each term.
- i) In case the BAC Chairman's position becomes vacant, a new Chairman shall be elected by the BAC members, during their first meeting, upon the appointment of new member.
- j) A member may not serve as Chairman of BAC for more than 3 consecutive years, though he/ she may remain a member of BAC and may be appointed as BAC Chairman again for the future term.

2.3 BAC Meetings:

- a) BAC may meet as frequently and as required, with a minimum of one meeting on quarterly basis i.e., BAC must meet four times in a year.
- b) The meeting may be conducted through in person, conference call, or any other means permissible by MOICT. Only the BAC Chairman and members shall be entitled to participate in the meeting; however, at the invitation of BAC, other members of senior management or experts may attend the meeting.
- c) BAC's meeting schedule (frequency and dates) as well as the principal items on the agenda are decided and approved by BAC on yearly basis. Additional meetings can be held at the request of any member BAC, subject to prior consultation and approval of the BAC Chairman.
- d) Each member or participant is entitled to recommend additional items on the agenda.
- e) The meetings will be chaired by BAC's Chairman. If the Chairman is not present, the meeting will be chaired by any the member with the most seniority as a member of BAC.

2.4 Audit Committee Secretary:

BAC shall have a permanent secretary appointed by the Chairman of BAC on an annual basis, who will be responsible to perform the following duties:

- a) Provide prior notification of meeting to the committee members.
- b) Distribute the meeting agenda and supporting papers to the members in advance, enabling the members to sufficiently prepare for the meeting.
- c) Draft minutes of the proceedings and resolution of all meeting held, including recording the names of those present and attended the meeting.
- d) Submit the meeting minutes to BAC Chairman for review subsequently to all members of the committee.

2.5 Quorum:

The quorum necessary for the transaction of business shall be a majority (above 50%) of BAC members. Per the guidelines set forth in the BAC membership, an alternate independent member may be appointed by the board to serve in the interim due to absence, illness or any other cause.

2.6 Authority:

- a) BAC has unrestricted access to all information and is entitled to meet with all members of management and staff as well as with external parties without presence of any member of executive or senior management.
- b) In the case an individual BAC member wants to separately meet with the people mentioned above, he/she may do so after prior consultation with the Chairman of BAC.
- c) BAC has the complete authority to appoint external parties or experts for investigation, engage advisors or otherwise obtain independent legal and accounting or other professional services as deemed necessary by BAC, at the expense of the company.

2.7 Committee responsibilities:

2.7.1 Financial statement and disclosure matters

- a. BAC shall review and discuss the following with company's Board, senior management, internal and external auditor, and others as the committee deems appropriate:
 - The integrity of the preliminary results, quarterly financial statements, half-yearly information and annual audited financial statements, prior to submission to the Board and regulatory authorities;
 - Company's disclosures, analysis of financial conditions and ongoing operations, and where applicable recommend inclusion of the financial statements in the company's annual report.
 - Any significant financial issues, judgment, and use of estimates made in connection with the preparation of the company's financial statement, including any significant changes in the company's selection or application of accounting principles.
 - Critical accounting policies and practices of the company;
 - Regulatory and accounting initiatives or actions applicable to the company;
 - Significant adjustments resulting from the audit or review.
- b. BAC shall review, in conjunction with management, the company's policies generally with respect to the company's earnings, press releases with respect to financial information and earnings, and briefing provided to financial analysts, rating agencies or others.
- c. BAC shall review in conjunction with the CEO and CFO of the company, the company's internal controls and procedures over financial reporting, including whether there are any deficiencies or material weaknesses, potential fraud opportunities, or any other corrective action to be taken with regard to controls and procedures.
- d. BAC shall have the final say over the resolution of any disagreements between company's management and the auditor regarding the company's financial results.
- e. BAC shall review and discuss with the independent auditors any significant audit problems or difficulties and managements response thereto or other resolution thereof, including matters to be discussed by the auditors with BAC.

2.7.2 External Auditor

- a. BAC shall make recommendations to the board regarding the appointment, re-appointment, or removal of the external auditors. In case of resignation by external auditors, BAC shall investigate the issues giving rise to such resignation and consider whether any action is required.
- b. BAC shall review the scope of work for external auditor.
- c. BAC shall evaluate the external auditor's qualification, performance, and independence, and shall present its assessment to the full board on at least annual basis. As part of the evaluation, at least annually, BAC shall consider the following by obtaining a report from the external auditors:
 - Describing the external auditor's internal quality-control procedures;
 - Describing any material issues raised by:
 - a. The most recent internal quality-control review or peer review of the auditing firm.
 - b. Any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the auditing firm; and any steps to

deal with any such issues.

- Describing all relationships between the external auditors and the Company, consistent with applicable standards.
- d. BAC shall obtain the opinion of management and the internal auditors on the external auditors' qualifications, performance and independence.
- e. BAC shall assist in establishing policies regarding the Company's hiring practices of current or former employees of the independent auditors.

2.7.3 Internal Auditor

As applicable, BAC shall:

- a. On annual basis shall evaluate the performance, responsibilities, budget and staffing of the Company's internal audit function;
- b. Monitor and review the effectiveness of the Internal Audit function, oversee its independence, professionalism and expertise. To this end, inter alia, the BAC shall:
 - i. Monitors compliance with the principles of the Internal Audit Code, as approved by the Board of Directors;
 - ii. Approve the activities and the structure of the Internal Audit function, including the audit plan, resources, scope and budget;
 - iii. Approve the appointment, the replacement and the dismissal of the Head of Internal Audit;
 - iv. Approve the annual internal audit plan;
 - v. Review and discuss the audit reports.
 - vi. Recommend to the Board, the appointment of internal audit service provider (in case the Board decides to outsource the internal audit function)

2.7.4 Other Risk Management Matters

BAC shall review the Company's policies and practices with respect to risk management & assessment, including discussing with the senior management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures.

2.7.5 Other Duties

BAC shall also:

- a. Annually review the absence of any conflicts or related party transactions with respect to the CFO and his/her significant business and investment transactions. The CFO shall be prohibited from any profit-making business activities outside of the Company that relate to activities of the Company and shall not have been employed by the Company's external auditor firm(s) during the prior 3 years or, if involved in the firm's audit of the Company, during the prior 3 years.
- b. Obtain reports from management on the Company's conformity with the Company's Code of Business Conduct and Ethics. Review disclosures required to be made under the securities laws of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics. Review the procedures that the Company has implemented regarding compliance with the Company's Code of Business Conduct and Ethics.

- c. Monitor the implementation of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing or other matters, including, mechanism for anonymous submission of related concerns by Company employees;
- d. Review with the Company's General Counsel, legal matters regarding financial transactions, fraud, or any other issue that could have significant impact on the annual reports

2.8 Reporting:

BAC shall provide an update to the Board about its activities:

- a) After each BAC meeting, the BAC's Chairman will report to the Board on its activities, its findings and recommendations for improvement, including where BAC is not satisfied with any aspect of risk management and internal control, financial reporting or audit related activities; including the independence and performance of the External Auditors, or any other matters BAC deems appropriate while making recommendations as to steps to be taken.
- b) The minutes of BAC are distributed to the members of the Board.
- c) Bring to attention of the Board material issues, as well as complaints or concerns regarding accounting, internal accounting controls, auditing or other matters, and, at least annually, review with the Board the Company's report regarding compliance with internal controls (including with respect to insider trading compliance).
- d) Provide at least annually to the Board, a report regarding the BAC's discharge of responsibilities, overall performance, and recommendations for improvement in the design and effectiveness of the BAC.
- e) Provide a report annually to shareholders regarding how the BAC has discharged its responsibilities, and how auditor's objectivity and independence has been safeguarded.

2.9 Limitations of the BAC Role:

- a) It is not the duty of the BAC to plan or conduct audits to determine that the Company's financial statements are complete, accurate, and in accordance with International Financial Reporting Standards (IFRS). This is the responsibility of CEO, CFO and the external auditors.
- b) Furthermore, while the BAC is responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is the responsibility of the CEO and senior management to determine the appropriate level of the Company's exposure to risk.
- c) It is the duty of the BAC to report regularly to the Board with respect to any issues that arise concerning the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's external auditors, the performance of the internal audit function, or any other matter within the scope of the Committee's functions.

3. BOARD NOMINATING COMMITTEE

3.1 Purpose

The Board Nomination Committee (“BNC”) is responsible to develop and maintain formal, rigorous and transparent procedures for making recommendations on appointment and reappointment to the Board of the company and reviewing its succession plans. Broadly, the BNC shall exercise the following functions and responsibilities:

- a. To identify individuals qualified to become member of the Board, consistent with criteria approved by the Board, and make recommendations to the Board, for potential directorship candidates to be included in the shareholders’ next meeting agenda.
- b. Nominate the persons eligible for the position of CEO, CFO and Board secretary positions.
- c. Review the structure of the Board, periodically evaluate the directors’ performance and make recommendations to the Board on the necessary changes that should be made to address weaknesses to achieve the company’s interests.
- d. Ensure, on an annual basis, the independence of the independent directors.
- e. To ensure that proper attention is given and effective responses are made to the shareholders’ concerns (if any) regarding corporate governance; and
- f. To perform such other duties and responsibilities which are mentioned in this code.

3.2 Membership & Appointment

BNC shall consist minimum of three members who shall be independent or non-executive directors, while the majority of whom must be independent directors. The Board shall appoint the members of the BNC for a term of three years.

3.3 Removal

The entire BNC or any individual member may be removed/replaced with or without cause by the affirmative vote of the majority (above 50%) of the Board. Any member may resign upon giving written notice to the Chairman of the Board, the Corporate Secretary of the Board. The resignation shall be effective at the time such notice is given (unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, the Board may elect a replacement when the resignation becomes effective. If any member is unable to participate in BNC meetings due to absence, illness or any other cause, the Board shall appoint another member to serve as an alternate member.

3.4 Chairman:

The Chairman of BNC must be an Independent Director who shall be elected during the first meeting of each term. The Chairman shall ensure that meetings run effectively, and that BNC receives all the information and support (internal and external) in timely manner to be able to properly perform its tasks and that it fulfils its responsibilities in accordance with MOICT requirements and terms of this code. In case BNC Chairman’s position becomes vacant, a new Chairman shall be elected by BNC members, during their first meeting, upon



the appointment of new member.

3.5 Secretary:

BNC may appoint a Secretary whose duties and responsibilities shall be to keep full and complete records of the proceedings of BNC for the purposes of reporting BNC activities to the Board and to perform all other duties as may be assigned from time to time by BNC or its Chairman. The secretary will minutes a report of each meetings summarizing the discussions that took place and the recommendations made.

3.6 Independence:

All members of BNC must be free from any relationship that would interfere with the exercise of their independent judgement.

3.7 Authority to Retain Advisers:

BNC shall undertake an annual evaluation assessing its performance with respect to its purpose and its duties and tasks set forth in the code, which evaluation shall be reported to the Board. In addition, the BNC shall lead the Board in an annual self-evaluation process, including the self-evaluation of each Board Committee, and report its conclusions and any further recommendations to the Board.

3.8 Meeting and Procedures:

BNC shall convene at least twice a year. A majority of the BNC members shall be present to constitute a quorum. BNC shall report regularly to the full Board with respect to its activities. In cases of urgency, meetings can be held by telephone (conference call) or video conference. The members must treat all information and reports that they receive in the framework of their responsibilities with the necessary confidentiality.

4. BOARD REMUNERATION COMMITTEE

4.1 Purpose

The purpose of the Board Remuneration Committee (“BRC”) of the Board is to discharge the responsibilities of the Board relating to compensation of executives and directors. The BRC is also responsible:

- a) To produce an annual report on executive compensation, to provide general oversight in the company's remuneration structure including equity compensation plans and benefits programs;
- b) To review and provide guidance on the company's HR programs, talent review and leadership development and to classify the company as the best place to work; and
- c) To perform the specific duties and responsibilities set forth herein.

4.2 Membership

BRC shall consist of at least three members, consisting entirely of independent directors and shall designate one member as Chairman. BRC members shall be appointed and may be removed by the affirmative vote of the majority (above 50%) of the Board upon the recommendation of the BNC.

4.3 Meetings and Procedures

- a) BRC shall meet as often as may be deemed necessary, with a minimum of four meeting per annum;
- b) BRC may meet either in person or telephonically, and at such times and places as the BRC determines. The majority (above 50%) of the members of BRC must be present to constitute a quorum;
- c) BRC shall report regularly to the Board with respect to its activities.

4.4 Outside Advisors

BRC shall have the authority to retain at the expense of the company legal counsel, experts and other advisors as it determines appropriate for effective performance of its responsibilities, including sole authority to retain and terminate any compensation consultant used to assist BRC in the evaluation of Board members, CEO or senior executive compensation, and to approve the consultant's fees and other retention terms.

4.5 Duties and Responsibilities

4.5.1 Evaluate Human Resource and Compensation Strategies:

BRC shall oversee and evaluate the company's overall human resources and compensation structure, policies and programs, and assess whether the company provides appropriate incentives for management and the employees. The Committee will oversee the Company's rewards program in order to attract and retain key talent to specify the company as the best place to work.

4.5.2 Monitor Leadership Development:

BRC shall review the leadership development process for senior management positions and ensure that appropriate compensation, incentive and other programs are in place in order to promote such development.

4.5.3 Set Executive Compensation:

BRC shall review and approve corporate goals and objectives relevant to the compensation of the CEO and other executive officers of the company, evaluate the performance of the CEO and other executive officers in light of those goals and objectives and approve their annual compensation levels including salaries, bonuses,

stock options, other stock incentive awards and long-term cash incentive awards based on this evaluation. In addition, the Committee may, in its discretion, review and act upon management proposals to designate key employees to receive stock options and stock or other bonuses.

4.5.4 Approve Employment Agreements:

BRC shall review and approve employment agreements and severance for the CEO and other executive officers, including change-in-control provisions, plans or agreements.

4.5.5 External Reporting of Compensation Matters:

BRC shall make an annual report on executive compensation in the company.

4.5.6 Oversight of Equity-Related and Incentive Compensation Plans:

BRC shall supervise and administer incentive compensation, stock option, stock appreciation rights, and service award programs and may approve, amend, modify, interpret or ratify the terms of, or terminate, any such plan to the extent that such action does not require stockholder approval; make recommendations to the Board with respect to incentive-compensation plans and equity-related plans as appropriate.

4.5.7 Oversight of Employee Benefit Plans:

BRC shall monitor the effectiveness of non-equity based benefit plan offerings, in particular benefit offerings and perquisites pertaining to executives, and will review and approve any new material employee benefit plan or change to an existing plan that creates a material financial commitment by the company. In its discretion, BRC may otherwise approve, amend, modify, ratify or interpret the terms of, or terminate, any non-equity base benefit plan.

4.5.8 Monitor Workforce Management Programs:

BRC shall monitor the effectiveness of workforce management programs that are global in scope, including global restructuring programs.

4.5.9 Set Director Compensation:

BRC shall review the compensation of Board members for their services in the Board and its committees and recommend to the Board the annual retainer and sitting fees for the Board and Committees meeting.

4.5.10 Monitor Director and Executive Stock Ownership:

BRC shall monitor compliance by executive officers and Board members with the company's stock ownership guidelines and periodically review such guidelines.

4.5.11 Perform Annual Evaluation:

BRC shall annually evaluate its own performance and the adequacy of its code.

4.5.12 BRC shall perform such other duties and responsibilities as are consistent with the purpose of BRC and as the Board or the Committee deems appropriate.

5. CORPORATE GOVERNANCE COMMITTEE

5.1 Purpose:

The Primary purpose of the Board Corporate Governance Committee (“BCGC”) is to assist the Board in shaping and monitoring the Corporate Governance policies and practices of the Company and evaluating compliance therewith.

5.2 Responsibilities:

The Board of Directors shall appoint a BCGC. The responsibilities of BCGC shall include the following:

- a) Review the adequacy of the Company’s policies and practices on corporate governance, including the corporate governance guidelines of the company and any Board meetings policies, and recommend any proposed changes to the Board for approval.
- b) Review the Company’s business practices, particularly as they relate to preserving the good reputation of the Company.
- c) Review the appropriateness of the size of the Board relative to its various responsibilities and make recommendations to the Board as proper or necessary.
- d) Develop appropriate criteria and make recommendations to the Board regarding the independence of Directors and nominees as may be necessary or proper.
- e) Recommend to the Board the number, identity and responsibilities of Board Committees and the Chairman and members of each committee. This shall include advising the Board on Committee’s appointments and removal from Committees and rotation of Committee members and chairs.
- f) Review the adequacy of the codes adopted by each committee of the Board, and recommended changes as necessary.
- g) Assist the Board in developing criteria for identifying and selecting qualified individuals who may be nominated for election to serve on board of directors of subsidiaries of the Company.
- h) Evaluate and recommend to the Board any changes or updates to the Board policy on nomination of directors to Boards of Directors of subsidiaries of the Company.
- i) Periodically review and recommend to the Board the compensation structure for Board or committee services and other applicable Directors related policies, including retirement and indemnification issues.
- j) Periodically assess the effectiveness of the Board of Directors in meeting its responsibilities, representing the long-term interests of stockholders.
- k) Report annually to the Board with an assessment of the Board’s performance.
- l) To review management succession plans.
- m) Conduct an annual review of BCGC s performance and report the results to the Board. Periodically assess the adequacy of its code and recommend changes to the Board as needed.
- n) Perform any other duties and responsibilities expressly delegated to the BCGC by the Board from time to time.
- o) Receive notification from Board members of intention to serve on additional duties outside the board.



5.3 Composition:

- a) The BCGC shall be comprised of at least three (3) independent members.
- b) The members of BCGC are appointed by the Board of Directors, upon recommendation of the BNC.
- c) BCGC annually reviews its composition and conducts, evaluation of its performance and performance of individual directors, board committees' and their respective codes.

5.4 Meetings:

- a) BCGC shall meet as circumstances dictate, with a minimum of one meeting per annum.
- b) BCGC may invite members of management or external experts to attend the meeting and provide pertinent information as required.
- c) Quorum will consist of two (2) members. The Committee shall meet in person or by telephone as frequently as necessary to carry out its responsibilities under this Code.

5.5 Appointment of Corporate Governance Officer:

- a) BCGC shall appoint an employee of the Company as the Corporate Governance Officer (CGO), who shall undertake the tasks of verifying the company's compliance with the corporate governance rules, laws, regulations and decisions issued to implement them. The CGO shall coordinate with the BCGC in relation to all corporate governance matters, follow up and coordinate with members of senior management on the corporate governance matters.