



Subject : CORPORATE GOVERNANCE MANUAL		
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### CORPORATE GOVERNANCE MANUAL

Revision History			
Revision No	Date	Description of Changes	Revised By
3.0	02-09-2011	Version 2.0 amended	AYA026
4.0	30-09-2014	Amended to align with the requirements of Commercial Companies Law of Bahrain	LHI020
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6.0		Amended to align with post IPO structure	

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## GLOSSARY

Abbreviation	Term
ARCC	Audit, Risk and Compliance Committee of the Board
Articles	Memorandum of Association and Articles of Association of the Company
Board	The Board of Directors of the Company
CBB	The Central Bank of Bahrain
CBB Rulebook	High Level Controls Module of CBB Rulebook Volume 6 for Capital Markets
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGO	Corporate Governance Officer
Charters	Board and Committee charters
Code of Conduct	The Code of Conduct of the Company as amended from time to time
Company Law	The Commercial Companies Law (Decree Law No. (21)) of 2001 as amended
Committees	Sub-committees of the Board
Corporate Governance Code	The Corporate Governance Code, issued by Ministerial Order no. 19 of the year 2018 (as amended from time to time)
Directors	Members of the Board
EGA	Extraordinary General Assembly
Executive Management	Management team of the Company, comprising of Chief Executive Officer, Chief Operations Officer, Chief Financial Officer, Chief Commercial Officer and General Manager of Human Resources, including department managers and functions heads, where relevant
General Assembly Meetings	OGA or EGA meetings of the Company
Independent Director	As per Rule HC-B.3.10 of the CBB Rulebook, "Independent Director means a director whom the board has specifically determined has no material relationship which could affect his independence of judgment, considering all known facts. The board should consider that although a director meets the formal requirements, he may not be independent owing to specific circumstances of the person or the company, ownership structure of the company, or for any other reason. The board's determination should be a good faith finding after diligent review and full discussion".  The CBB Rulebook further lays out the formal requirements that are used to determine the 'independence' of a Director
Manual	This Corporate Governance Manual
MOICT	Ministry of Industry, Commerce and Tourism
Non-Executive Directors	As defined in HC – B.3.12 "Non-Executive Director means any director who is not an Executive Director"
NRGC	Nominating, Remuneration and Governance Committee of the Board

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OGA	Ordinary General Assembly
Shareholders	Shareholders of the Company

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## 1. INTRODUCTION

1.1 This Corporate Governance Manual (**Manual**) is prepared in relation to APM Terminals Bahrain B.S.C., established under the laws of Bahrain (**Company**). Upon incorporation, the Company was a closed joint stock company, which, with the successful completion of the Initial Public Offering (**IPO**) of its shares on the Bahrain Bourse, has been converted into a public joint stock company.

1.2 This Manual is an overall governing document laying out the roles and responsibility of its Board as well as the Executive Management; while ensuring compliance with the local laws and requirements, which are listed as follows:

Name of the Document	Issue Date	Issuing Authority	Description
Commercial Companies Law (as amended from time to time)	2001	MOICT	The Commercial Companies Law is the main source of legislation governing the establishment, business and management of corporate entities in Bahrain
Corporate Governance Code	April 2018	MOICT	The Corporate Governance Code established best practices of governance principles in Bahrain. This code is intended to apply to all the operating "Joint Stock Companies" incorporated in Bahrain
Rulebook – Volume 6 – Capital Markets	January 2012	CBB	The Rulebook – Volume 6 – Capital Markets covers the regulations and supervision of Bahrain's capital markets and applies to all participants in the capital markets of Bahrain
Disclosure Standards	December 2013	CBB	The Disclosure Standards apply to ongoing disclosure that all listed companies quoted on the Bahrain Bourse must comply with

1.3 This Manual, throughout its various sections and appendices, endeavors to adopt and evidence the Company's compliance with the broad principles of governance, stipulated under the Corporate Governance Code, which are as follows:

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Principle 1	The Company shall be handled by an effective, qualified and experienced Board
Principle 2	The Directors and Executive Management shall have full loyalty to the Company
Principle 3	The Board shall have rigorous controls for Financial auditing and reporting, internal control and compliance with law
Principle 4	The Company shall have effective procedures for the appointment, training and evaluation of the Board
Principle 5	The Company shall remunerate Directors and senior officers fairly and responsibly
Principle 6	The Board shall establish a clear and efficient management structure for the Company and define job titles, powers, roles and responsibilities
Principle 7	The Board shall communicate with Shareholders, encourage their participation and respect their rights
Principle 8	The Company shall disclose its corporate governance
Principle 9	The Board shall ensure the integrity of the financial statements submitted to the Shareholders through utilizing external auditors
Principle 10	The Company shall seek, through social responsibility, to exercise its role as a good citizen

1.4 This Manual is subject to annual review and approval of the Board.

2. **CORPORATE GOVERNANCE FRAMEWORK** Corporate governance is the code of internal controls that regulate the relationship between the parties involved in the management of the Company, the owners of the Company, and other stakeholders (such as customers, employees, contractors etc.) who are directly affected by the Company's decisions and functioning.

2.2 The objective of corporate governance is to establish proper internal controls and to ensure that the Company is managed competently by the Board and the Executive Management, to achieve:

- (i) Effectiveness and efficiency of operations;
- (ii) Reliability of financial reporting; and
- (iii) Compliance with statutory laws and regulations,

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all aimed at providing optimum returns to the Shareholders while at the same time ensuring the Company's status of being a good corporate citizen, interacting responsibly and respectfully with its employees, the environment and the communities in which it operates.

2.3 From the point of view of good governance, the specific elements of internal controls include or confirm as to how the Company is organized with respect to:

- (i) Delegation of responsibility, authority, and accountability;
- (ii) Control, monitoring, and reporting functions of the Board, its various committees, and the Executive Management; and
- (iii) Procedures for control, audit, requirements for disclosure to prevent fraud, and transparency in the Company's administration.

The key components of the internal control environment adopted by the Company are described in the below table.

<b>Control Environment</b>	
<ul style="list-style-type: none"> <li>• Integrity, ethical values, and competence</li> <li>• Assigning of authority and responsibility</li> <li>• Oversight and direction from Board and Executive Management</li> </ul>	<ul style="list-style-type: none"> <li>• Management philosophy and style</li> <li>• Organization and development of people</li> </ul>
<b>Risk Management</b>	
<ul style="list-style-type: none"> <li>• Establishing risk objectives</li> <li>• Identification and categorization of risks</li> <li>• Evaluation of risks</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of risk controls</li> <li>• Assignment of risk control responsibility</li> <li>• Keeping risk management process alive</li> </ul>
<b>Control Activities</b>	
<ul style="list-style-type: none"> <li>• Segregation of duties</li> <li>• Verifications, reconciliations and reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Approvals and authorization levels</li> <li>• Monitoring of operating performance</li> </ul>
<b>Information and Communication</b>	
<ul style="list-style-type: none"> <li>• Operational, financial, and compliance</li> <li>• External events for decision making</li> <li>• Raising employee awareness of their role in the internal control system</li> </ul>	<ul style="list-style-type: none"> <li>• Internal reporting to Shareholders</li> <li>• External reporting to stakeholders</li> </ul>
<b>Monitoring</b>	
<ul style="list-style-type: none"> <li>• Internal and external audits</li> <li>• Reporting of internal control deficiencies</li> </ul>	<ul style="list-style-type: none"> <li>• Management supervision</li> <li>• Ongoing monitoring during operations</li> </ul>

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- 2.4 Maintaining proper corporate governance is a continuous process changing with the legal, organizational, commercial, and social requirements and practices.
- 2.5 The corporate governance of the Company and any adjustments herein shall be approved by the Board, and adhered to, by the Company's stakeholders, the Executive Management and the employees.
- 2.6 An annual corporate governance report shall be included in the annual report of the Company and shall also be submitted to the relevant department within MOICT within 6 months of the financial year end. The report shall cover the points of disclosure under the Corporate Governance Code.

### **3. COMPANY'S CORPORATE OBJECTIVES**

3.1 The Company is authorized to carry out the following activities:


- (i) Operate and manage the ports;
- (ii) Provide marine services to the ports and outside of the ports but within the territorial waters of Bahrain;
- (iii) Provide pilotage services, within Khawr Al Qulay'ah, Sitrah anchorage and the approach channel as required;
- (iv) Provide any services to customers within ports;
- (v) Operate and provide the vessel tracking management system for Bahrain's ports and approaches;
- (vi) Negotiate and grant exclusive and non-exclusive concessions and/or licences to third parties selected by the Company, by tender or otherwise, for the provision of all or any facilities or services which the Company may determine to be necessary or desirable within the ports;
- (vii) Enter into contracts with third parties for the benefit of the Company or customers generally within the ports; and
- (viii) Do all such things as may be deemed to be incidental or conducive to the attainment of the above objects or any of them,  
  
subject to the provisions of law, regulations, orders and decisions in effect and obtaining the necessary licenses to undertake such objects.

3.2 The registered address of the Company is:

Building 107  
Road 13  
Block 115  
Hidd  
Kingdom of Bahrain

3.3 The Company's corporate objectives are to provide:

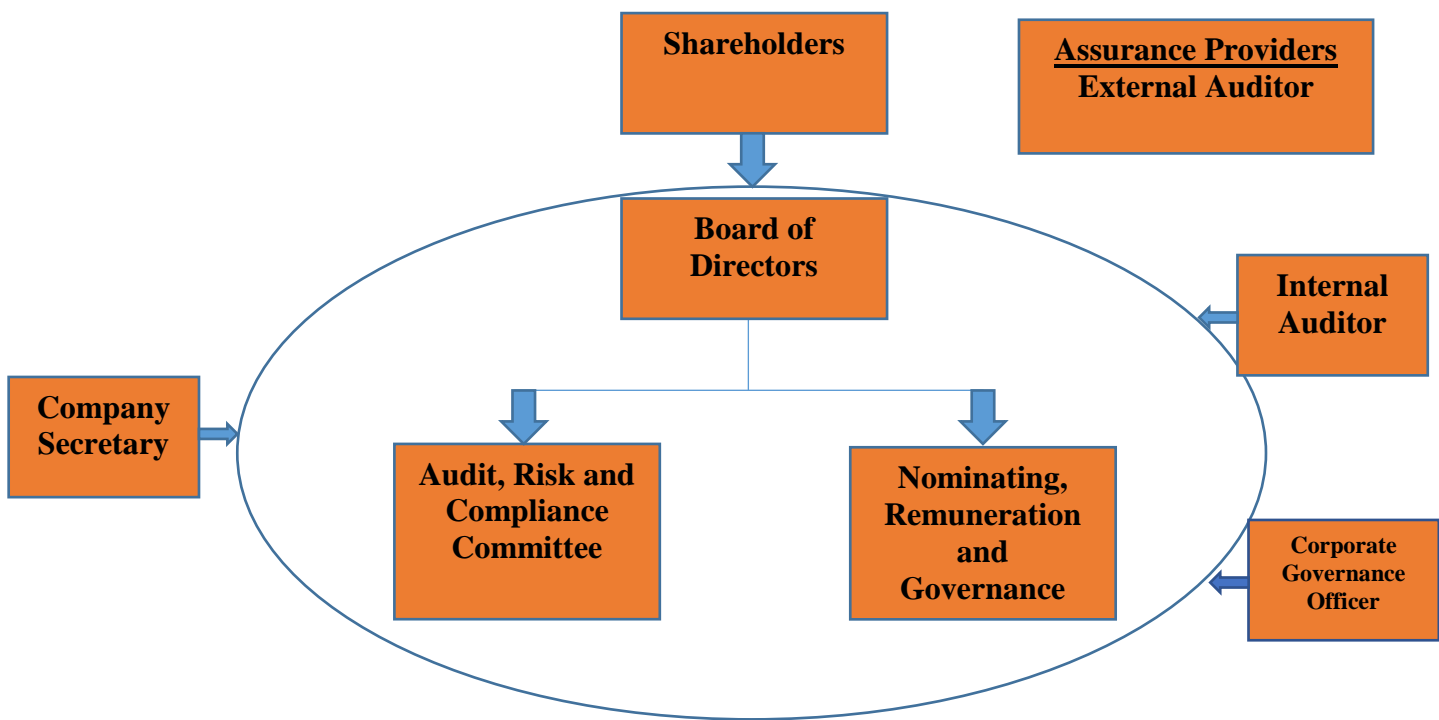


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- (i) the Shareholders with a satisfactory return on their investment;
- (ii) an efficient, effective, competitive, and reliable level of service to its customers;
- (iii) a safe and environmentally sound work place for its employees and vendors; and
- (iv) a contribution to the economic growth and development of Bahrain

**4. CORPORATE GOVERNANCE STRUCTURE AND ORGANIZATION**

4.1 Meeting the objectives of corporate governance is dependent on the establishment of an appropriate governance organization in the Company. The overall governance organization of the Company is depicted in the chart below:



4.2 This Manual further describes the structure of the governance organization (chart above), while identifying the specific roles, responsibilities, and authorities of each of the stakeholders involved.

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### 4.3 Shareholders

- With the completion of IPO and conversion of Company into a public joint stock company, the Company has various Shareholders, in relation to whom this Manual and terms stipulated thereof shall apply.


**4.3.1** The Shareholders shall have the right and authority to appoint the Directors to the Board, subject to the recommendations of the Board and its sub-committee (including the Nominating, Remuneration and Governance Committee (**NRGC**)), and in accordance with applicable laws and regulations.

**4.3.2** The Shareholders shall meet at least once every year, i.e. for the Ordinary General Assembly (**OGA**), where decisions shall be made on matters, according to the Articles. Key OGA decisions of importance to the corporate governance of the Company may include:

- (i) Consideration and approval of the Company's annual report and statutory financial statements, including the directors' report and the external auditor's report;
- (ii) Approval of the corporate governance disclosure report;
- (iii) Appointment, re-appointment and/or dismissal of the members of the Board;
- (iv) Determination of remuneration payable in relation to the members of the Board;
- (v) Discharging or refusing to discharge the members of the Board from any liability;
- (vi) Election of a director to fill vacancies of more than a quarter of the Board at any given time;
- (vii) Appointment/dismissal of the external auditor of the Company;
- (viii) Consideration of the external auditor's report on the statutory financial statements of the Company;
- (ix) Consideration and approval of the Board's report on the Company's activities and financial position during the ended financial year; and
- (x) Approval of the profit and loss account and balance sheet of the Company and the statement allocating net profits and determination of dividends and such other relevant matters.

**4.3.3** An Extraordinary General Assembly (**EGA**) shall be convened to address any imminent and material matters of the Company, including matters such as:

- (i) Amending the Articles or extending the term of the Company;
- (ii) Increasing or reducing the Company's capital;
- (iii) Selling the entire project/business carried out by the Company or disposing of it in any other manner;

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- (iv) Winding up, dissolution or bankruptcy of the Company or merging it with another Company;
- (v) Disposing off all the assets or substantial proportion being more than one half of the Company's assets; and
- (vi) Loans and guarantees or other extension of credit other than in the ordinary course of the business,

provided an EGA will not have the powers to change the nationality of the Company, transfer the head office of the Company to a foreign country, increase the liability of the Shareholders, and any other provisions to the contrary shall be considered null and void.<sup>1</sup>

**4.3.4** Through the right of appointment, the Shareholders assign overall corporate governance responsibility to the Board, including the authority to approve this Manual and any adjustments or amendments therein.

**4.3.5** The Company shall maintain a register of Shareholders complete with each member's name, nationality, domicile, the share ownership details and the dealings made thereon. A copy of this register will also be made available to the MOICT and Bahrain Bourse<sup>2</sup>.

**4.3.6** The Company shall ensure that sufficient communication procedures and means are in place to communicate with the Shareholders on matters pertaining to their rights, holding of General Assembly Meetings, the protection of minority Shareholder rights and such other relevant details<sup>3</sup>.

#### **4.4 Board of Directors**

**4.4.1** With the conversion of the Company into a public joint stock company listed on the Bahrain Bourse, the Board shall undergo the following changes, to the extent that such changes have not already taken place:


- (i) Set up of Board sub-committees (**Committees**) – Audit, Risk and Compliance Committee (**ARCC**) and Nominating, Remuneration and Governance Committee (**NRGC**);
- (ii) Change in the composition of the Board, so that at least half of the Board comprises of Non-Executive Directors, out of which at least a third of the Directors (i.e. in case of companies with controlling shareholders)<sup>4</sup> are Independent Directors;
- (iii) The functions of the Chairman of the Board and that of the CEO are assigned to separate individuals;
- (iv) Approve and implement a Charter of Board of Directors, as the same may be amended and approved by the Board;

<sup>1</sup> Article 210 of the Company Law

<sup>2</sup> Article 118 of the Company Law

<sup>3</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC – 7

<sup>4</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC – 1.5.2

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- (v) Approve and implement ARCC and NGRC Charters, as the same may be amended and approved by the Board; and
- (vi) Adopt and ensure compliance with the various principles prescribed under the Corporate Governance Code and CBB Rulebook, especially in relation to conflict of interest management, related party transactions, declaration of director independence and other relevant matters

**4.4.2** In line with the above listed key changes, the Board's governing principles and terms governing the matters pertaining to Board composition, election and termination of Board members, role and responsibilities of the Board, remuneration, induction and training requirements of the Board, conflict of interest management, and other relevant aspects are fully incorporated in the Charter of Board of Directors<sup>5</sup>.

**4.4.3** It is anticipated that the Chairman shall continue to be a director appointed by APM Terminals B.V. in order that APM Terminals B.V. will be able to deliver on its obligations under the direct agreement it has entered into with the Government of Bahrain in relation to the management and operations of Khalifa Bin Salman Port and the support that APM Terminals B.V. is required to provide to the Company. As such the Chairman, although always a separate individual to the CEO, may not be an Independent Director and could be either a non-executive or an executive Director. In such instances, this will be disclosed in the annual corporate governance reports prepared by the Company and discussed at general meetings of the Company based on the "commitment or clarification" or "comply or explain" principles enshrined under the Corporate Governance Code which permits exceptions to the typical position to take into account the particular circumstances of the Company, the nature of its activities, the structure of its shareholders, its activities and its risk exposure.

## 4.5 Board Committees


**4.5.1** The overall responsibility for the oversight of strategy, business, management performance and internal controls of the Company rests with the Board. In order to fully deliver its increased role and responsibilities the Board has set up 2 Committees, as discussed here in below.

### **4.5.2 Audit, Risk and Compliance Committee (ARCC)**

The ARCC is comprised of at least three Directors and assists the Board in fulfilling its oversight responsibilities, which includes:

- (i) Companywide risk assessment and mitigation;
- (ii) Quality and integrity of the accounting and financial reporting practices;
- (iii) Integrity of the financial controls, internal controls and financial statements;
- (iv) Compliance with the legal and regulatory requirements and the Code of Conduct;
- (v) Selection and oversight of the external auditor appointed; and

<sup>5</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC – 1.2.8

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(vi) Appointment, compensation and oversight of the internal auditor of the Company.

The policies of the ARCC, including its composition are more particularly described in the ARCC Charter<sup>6</sup>. The ARCC Charter is subject to an annual review process.

#### **4.5.3 Nominating, Remuneration and Governance Committee (NRGC)**

The NRGC is comprised of at least three members of the Board at all times and is responsible for:

- (i) Maintenance of the Company's corporate governance framework and this Manual and ensuring full compliance with the relevant prescribed requirements under the laws of Bahrain;
- (ii) Identification and selection of Board candidates;
- (iii) Review of Directors' compensation;
- (iv) Review of Directors', Board and CEO performance;
- (v) Evaluation of Board structure, composition and training;
- (vi) Board succession planning; and
- (vii) Select, retain and terminate third party service providers.

The policies of the NRGC, including its composition, are more particularly described in the enclosed NRGC Charter<sup>7</sup>. The NRGC Charter is subject to an annual review process.

**4.5.4** The Board shall be assisted by the Company's company secretary<sup>8</sup>, who will liaise and perform the requisite duties, as laid out in the Charter of Board of Directors.

**4.5.5** While carrying out its responsibilities and obligations, the Board shall also be supported with the advice and assistance of the following assurance providers.

#### **4.6 Internal Audit**

**4.6.1** The Company is required to set up an internal audit function, which reports directly to the Board and administratively to the CEO.<sup>9</sup>

**4.6.2** The internal audit function with its direct access and reporting to the Board and ARCC is a crucial element in implementing an effective governance structure.


**4.6.3** The role and responsibilities of the internal auditor primarily include the following:

<sup>6</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC – 3.3

<sup>7</sup> CBB Rulebook, Volume 6, Capital Markets – Rules 4.3/5.3

<sup>8</sup> CBB Rulebook, Volume 6, Capital Markets – Rules HC – 6.3.2(c)/ 6.3.4

<sup>9</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC – 3.2.3

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- (i) To provide an independent assurance service to the Board, ARCC and Executive Management, focusing on reviewing the effectiveness of the governance, risk management and control processes that the Company has in place;
- (ii) To advise the Board on matters pertaining to governance, risks and controls;
- (iii) To review the Company's operations and programs, and ascertain whether results are consistent with established objectives and whether the operations are being carried out as planned;
- (iv) To investigate reported occurrences of fraud, embezzlement, theft, waste and similar; and
- (v) To assess compliance with the relevant policies and procedures and sound business practices.

## 4.7 External Audit

**4.7.1** Although the external auditor is not a part of the internal control environment, the work of the external auditor contributes to the Company's governance and control system.

**4.7.2** The external auditor's responsibility is to provide an independent and objective view on the Company's financial and other relevant aspects, for the benefit of the Shareholders and external stakeholders. The direct review responsibility is to perform a full scope audit of the Company in accordance with International Standards on Auditing (ISA) as issued by the International Federation of Accountants (IFAC) from time to time.


**4.7.3** The scope of the audit shall be directed towards the expression of an unqualified opinion on the Company's statutory financial statements and the internal year-end reporting. The internal year-end reporting is to be prepared by the Executive Management in accordance with the International Financial Reporting Standards (IFRS) and guidelines that may be issued by the Board.

**4.7.4** In addition to these fundamental responsibilities the external auditor may perform other reviews as specified by the Board or ARCC from time to time.

## 4.8 Executive Management

### 4.8.1 *Executive management responsibility*

- (i) The Executive Management is responsible for the management of the Company and in achieving the Company's strategic objectives and results. In discharging its role, the Executive Management shall be guided by the Board in ensuring that the interests of the Shareholders and other stakeholders are safeguarded.
- (ii) The Executive Management is directly responsible to the Board for all activities of the Company, including the implementation and oversight of the internal controls system across the entire organization. Implementation of internal controls at departmental level is the department managers' responsibility, including taking action on exceptions and problems as they arise.

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- (iii) As part of the internal controls, Executive Management shall implement a risk management system which will at all times function effectively considering the Company's requirements. The objectives of risk management in the Company shall be stated in the Company's Risk Management Process..
- (iv) Executive Management shall adopt a Code of Conduct to establish the principles of appropriate conduct and ethics.

#### **4.8.2 Executive Management Qualifications and Roles <sup>10</sup>**

- (i) The members of Executive Management shall be professionally qualified to undertake the tasks of their position. All members of Executive Management should have the necessary training and fraud awareness to perform a basic evaluation of the Company's internal controls.
- (ii) In support of the internal controls, Executive Management shall lead by example and provide explicit guidance to the Company on what is right and wrong. This is supported by:
  - o Setting Company-wide objectives and broad based policies;
  - o Taking action concerning the Company's organizational structure, content, and communication of key policies; and
  - o Taking action on the type of planning and reporting systems the entity will use.

#### **4.8.3 Executive Management Eligibility**

- (i) The Executive Management members shall dedicate all their resources to the management of the Company and cannot at the same time hold management positions in other companies.
- (ii) A member of Executive Management may be a Board member in another company provided this company is not a competitor, supplier, customer, or consultant of the Company. Board memberships in other companies shall be disclosed by the Executive Management to the Board.


#### **4.8.4 Executive Management Authorities and Limitations**

The authorities and limitations of Executive Management are specified in the Authority Matrix of the Company, which is designed to provide Executive Management with the necessary responsibility and authority required to perform its tasks while still maintaining a strong internal control environment.

#### **4.8.5 Executive Management - specific functions and responsibilities**

- (i) Function according to the duty conferred on Executive Management by the Board.
- (ii) Implement practical internal control tools.

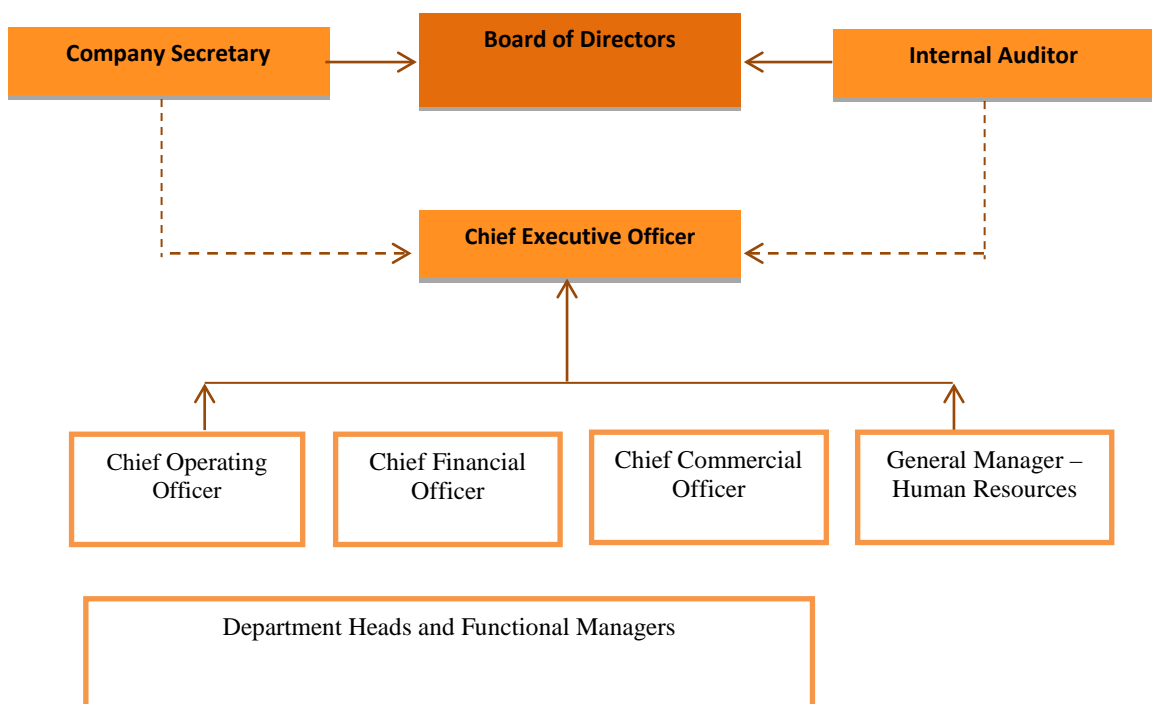
<sup>10</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC – 6.3.1

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- (iii) Initiate an annual self-assessment of the internal control system
- (iv) Implement risk management systems and process that will:
  - o Develop and maintain in the Company an understanding and identification of its general business risks, strategic risks and existential risks;
  - o Appoint appropriate functional owners in relation to each identified general business risk/strategic risk as described in this Manual; and
  - o Ensure that key activities are undertaken in the Company to control risks and assign responsibility for implementation of such risk controls.
- (v) Implement appropriate controls and processes to comply with the local laws and regulations and adaptation of a whistle blower system, anti-bribery, corruption, foreign trade control compliance, and such other relevant requirements.
- (vi) Ensure that all relevant information is provided to the Board regardless of any prior request for this from the Board.
- (vii) Ensure that all employees understand their role in the internal control system and the communication channels open to them in this respect.

**4.8.6 Executive Management Interaction and Reporting**

- (i) The Executive Management reports to the CEO, as per the below seen management reporting structure:





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- (ii) Disclosure shall be made, by the Executive Management to the Board, relating to all financial and commercial transactions, where they have a personal interest (for self and relatives up to first degree) that may be in potential conflict with the interests of the Company, by completing the Personal Interest Disclosure Form; one-time upon joining the Company and thereafter on an annual basis.

#### ***4.8.7 Executive Management Remuneration***

Remuneration of Executive Management shall be structured so that a portion thereof is linked to the Company and individual performance and the employees' interests are aligned with the shareholders' interests. Such remuneration may include any deferred benefits under the incentive schemes, bonuses savings, and pension benefits which are not based on salary. If an executive is also a director, his remuneration as an executive shall be in accordance with the specific remunerations of the directors.

### **4.9 CHIEF EXECUTIVE OFFICER**

#### ***4.9.1 CEO Responsibility***

- (i) The CEO is ultimately responsible for the actions and target attainment of the Executive Management and is as such also ultimately responsible for the internal control system and the reporting to the Board.
- (ii) Unless otherwise specifically stated, the responsibilities and authorities of the CEO are identical to those of the Executive Management.

#### ***4.9.2 CEO Qualifications and Roles***

In addition to meeting the technical and managerial skill requirements of the position, the CEO shall have a strong understanding of the importance and elements of the internal control environment.

#### ***4.9.3 CEO Recruitment and Resignation***


- (i) The CEO shall be recruited by the Board who also has the authority to dismiss the CEO.
- (ii) If the CEO resigns, an exit survey and interview shall be performed by the Chairman of the Board and the results shall be shared with the Board.

#### ***4.9.4 CEO Authorities and Limitations***

The CEO's authorization powers and limitations are approved by the Board and set out in the Company's Authority Matrix which may be amended from time to time.

#### ***4.9.5 CEO Specific Functions and Responsibilities***

- (i) Sets the tone of the Company's ethical conduct and ensures that the internal controls are constantly developed to meet the Company's requirements.
- (ii) Leads the recruitment of the Executive Management of the Company.

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- (iii) Meets periodically with the Executive Management covering all major functional areas to discuss the performance of the Company and the prospects for meeting the Company objectives as specified by the Board.
- (iv) Initiates, manages, and reports on the annual self-assessment of the internal control system, which will also include verification that all employees understand their role in the internal control system and ensures that communication channels are open to them in this respect.
- (v) Reviews the financial performance and statements of the Company and approves these for reporting to the Shareholders and stakeholders.

#### **4.9.6 CEO Interaction and Reporting**

The CEO reports to the Board and is the main point of contact in the communication between the Board and Executive Management.

The CEO presents the management reports to the Board. The CEO signs off on the financial accounts of the Company, thereby assuming responsibility for their correctness and compliance with applicable laws, regulations, and accounting practices.

#### **4.9.7 CEO Certification of Financial Statements**

To encourage management accountability for the financial statements required by the Directors, the CEO and CFO must state in writing to the ARCC and the Board as a whole that the Company's interim and annual financial statements as prepared in accordance with IAS and IFRS present a true and fair view, in all material respects (including providing adequate provisions), of the Company's financial condition and results of operations in accordance with applicable accounting standards.<sup>11</sup>

#### **4.9.8 CEO Succession Planning**

At least annually the Board would be required to review and concur in a succession plan addressing the policies and principles for selecting a successor to the CEO, both in emergencies and in the normal course of business.

The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.<sup>12</sup>


### **4.10 CHIEF FINANCIAL OFFICER**

#### **4.10.1 CFO Responsibilities**

- (i) The CFO is an executive manager and a key player when setting the Company's objectives and deciding on strategies, managing risks, and making decisions.
- (ii) Unless otherwise specifically stated, the responsibilities and authorities of the CFO are identical to those of the Executive Management.

<sup>11</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC 3.4.1

<sup>12</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC 6.3.5

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- (iii) The CFO has a special responsibility to ensure the integrity of the financial records and statements of the Company.
- (iv) The CFO must be responsible and accountable for:
  - o The complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with IAS and IFRS, and policies of the Company; and
  - o Presenting the Board with a balanced and understandable assessment of the Company's financial position.

#### ***4.10.2 CFO Qualifications and Roles***


- (i) The CFO shall be professionally trained in accounting and finance and have a full understanding of the necessary internal controls of the Company.
- (ii) Through his/her qualifications and position, the CFO has unique abilities and opportunities to identify unusual situations caused by fraudulent behavior or reporting. Further, for a number of transactions the CFO is the only party with direct insight into the actions of the CEO. Consequently, it is of key importance that the CFO has close and regular communication with the internal auditor and external auditor of the Company, and the possibility for direct communication with the Board.

#### ***4.10.3 CFO Authorities and Limitations***

The CFO's authorization powers and limitations are approved by the Board and set out in the Company's Authority Matrix which may be amended from time to time.

#### ***4.10.4 CFO Specific Functions and Responsibilities***

- (i) Help setting the tone for the Company's ethical conduct.
- (ii) Primarily responsible for designing, implementing, using, and monitoring the Company's financial system to ensure integrity and statutory compliance of the Company's financial reporting and records.
- (iii) Primarily responsible for the internal monitoring of the financial performance of the Company including setting up of appropriate control and compliance framework for monitoring and approving all spend and revenue matters
- (iv) Responsible for securing future funding required in maintaining the Company as a going concern.
- (v) Key responsible party in the implementation of the proper segregation of duties, internal controls, and supporting procedures across the organizational functions.
- (vi) Key party in the development of the Company's internal management reporting system.
- (vii) Key party in the implementation of the Company's risk management system and process.

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(viii) Administration of this Manual.

#### **4.10.5 CFO Interaction and Reporting**

The CFO reports to the CEO and is obligated to provide annual certification in relation to the Company's interim and annual financial statements as described in section 4.8.7 above.

#### **4.11 Corporate Governance Officer**

##### **4.11.1 CGO Responsibilities**

The CGO shall undertake the tasks of verifying the Company's compliance with the Corporate Governance rules, laws, regulations and decisions issued to implement the same. The CGO shall coordinate with the NRCG in relation to all corporate governance matters.

#### **4.12 Other Employees**

**4.12.1** From an internal control perspective a number of responsibilities apply to all employees of the Company. The key responsibilities in this respect include:


- (i) Communicating upwards in the organization regarding problems in operations, improper conduct by other employees, policy violations, and illegal or fraudulent behavior. Employees shall have the possibility to report such observations to any level in the Company's corporate governance structure as described in this Manual, if the observed behavior relates to employees at levels above the reporting employee in the Company's internal chain of command or if appropriate action is not being taken to address the issue.
- (ii) Understanding the need to resist pressure from superiors to participate in improper activities. This responsibility shall be specified in the Code of Conduct and shall be communicated to all employees. It is the responsibility of the CEO with the support of the individual department managers of the Company to undertake this communication.

### **5. IMPORTANT POLICIES**

**5.1** In addition to the Charters, the Board shall adopt the below listed policy /strategy documents in compliance with the Corporate Governance Code and CBB Rulebook.

- (i) Whistle Blowing Policy.
- (ii) Corporate Social Responsibility Policy.
- (iii) Risk Management Process and Policy.
- (iv) Code of Conduct.

**5.2** The Board and its Committees acknowledge their obligations to review and amend the policies and strategy documents of the Company on an annual basis. Any updated and approved version of the policy documents would be deemed to replace the previous versions of policies referred in this Manual.

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## 6. CORPORATE GOVERNANCE DISCLOSURE

6.1 As per the requirements of the Corporate Governance Code and CBB Rulebook<sup>13</sup>, the Company acknowledges its obligations to:

- (i) Adopt formal corporate governance guidelines;
- (ii) Publish such guidelines on the Company's website; and
- (iii) Disclose the Company's compliance with the Corporate Governance Code and CBB Rulebook to the Shareholders during the OGA, while utilizing the 'comply or explain' principle to the relevant matters.

6.2 While reporting to the Shareholders on the Company's compliance status as per point 6.1(iii) above the Company shall ensure disclosures in relation to the matters stipulated in Rule HC-8.3 of the CBB Rulebook.

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<sup>13</sup> CBB Rulebook, Volume 6, Capital Markets – Rule HC - 8