

Mumtalakat
INVESTING FOR BAHRAIN

ممتلكات
استثمارات البحرين

Board of Directors' Charter

Approved by: Board of Directors	Version 1 - December 14, 2009
Amended by: Board of Directors	Version 2 - October 4, 2010
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1. INTRODUCTION

- 1.1 Bahrain Mumtalakat Holding Co. B.S.C.(c) (the "Company") is committed to fostering development through accountability, transparency, and active participation in the management of its portfolio companies.
- 1.2 The Company is committed to the highest standards of corporate governance and the Board of Directors (the "Board") believes that these standards are fundamental in delivering value to its shareholder (the "Shareholder").
- 1.3 This Charter sets out the duties and responsibilities of the Board of the Company.

2. PRINCIPLES OF BOARD GOVERNANCE

- 2.1 The Board's duties and responsibilities must be carried out in accordance with the Bahrain Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001, and its amendments (collectively, the "CCL") and the principles of the Corporate Governance Code as issued by the Bahrain Ministry of Industry, Commerce and Tourism (the "Code").
- 2.2 The principles of the Code have been incorporated into the Company's Corporate Governance Guidelines.
- 2.3 The duties and responsibilities stated in this Charter should be read in conjunction with the Company's other governance documents and its Memorandum and Articles of Association.

3. DUTIES AND RESPONSIBILITIES OF THE BOARD

The Directors shall be responsible, both individually and collectively, before the Shareholder for achieving the Company's objectives and purposes. The Board shall act in accordance with the duties of care and loyalty described in the Code and will promote the interests of the Company with a view to maximizing its value. The key duties and responsibilities of the Board are as follows:

- 3.1 adopting the commercial and financial policies associated with the Company's business performance and achievement of its objectives;
- 3.2 approving, overseeing and periodically reviewing the Company's plans, policies, strategies, and key objectives;
- 3.3 establishing and supervising the Company's internal control systems;
- 3.4 determining the Company's optimal capital structure, strategies and financial objectives and approving annual budgets;
- 3.5 monitoring and/ or approving the Company's major capital expenditures and investment activity (including divestments) in accordance with the limits of the Discretionary Authority Limits (the "DAL");
- 3.6 ensuring that financial statements are prepared and accurately disclose the Company's financial position, and approving the Company's semi-annual and annual financial statements,

and presenting the annual financial statements to the Shareholder for approval during the Company's annual ordinary general meeting (the "OGM");

- 3.7 monitoring the executive management's activities and ensuring that the Company's operations run smoothly to achieve the Company's objectives and that they do not conflict with the applicable laws and regulations;
- 3.8 forming specialized committees of the Board as required by the nature of the Company's activity and as provided in the Code;
- 3.9 determining the types of remuneration for Directors (if any) and key executives and aligning them with the long-term interests of the Company and the Shareholder in accordance with the provisions of the applicable laws and regulations;
- 3.10 setting up a mechanism to regulate transactions with related parties in order to minimize conflicts of interest, and to report such related party transactions to the Shareholder during the OGM;
- 3.11 ensuring the application of an appropriate control and risk management system by setting a risk framework covering risks that the Company might face, and creating an environment of risk management awareness and transparently explaining this framework to the Shareholder;
- 3.12 adopting delegation of authority limits covering various financial, administrative, and other functional operations in order to manage the Company efficiently;
- 3.13 approving financing transactions to be entered into by the Company in accordance with the Company's Memorandum and Articles of Association and the DAL;
- 3.14 approving the investment strategy of the Company, including an investment policy, the rules governing the acquisitions and divestments of the Company's assets, and the guidelines that are applicable to any loans, guarantees and financial assistance that the Company extends to its affiliates);
- 3.15 adopting and approving the organizational and/or management structure and reporting lines;
- 3.16 adopting and approving the succession plan for key executive positions, and reviewing the plan annually;
- 3.17 recommending at the beginning of each financial year at the OGM for the Shareholder's approval an external auditor of international repute to audit the Company's accounts;
- 3.18 recommending and presenting the Company's Directors' Report for the financial year end to the Shareholder for approval at the OGM;
- 3.19 recommending and presenting the Company's annual corporate governance report to the Shareholder for approval at the OGM;
- 3.20 formulating a social responsibility policy that meets the requirements of the applicable laws and regulations;
- 3.21 ensuring that a sound whistle-blowing policy is in place with necessary safeguards to protect whistle-blowers;
- 3.22 delegating certain responsibilities to the Board's standing committees and sub-committees, without abdicating its responsibility; and

- 3.23 reviewing the independence of each Director at least annually in light of interests disclosed by each of them.

4. CHAIRMAN'S DUTIES AND RESPONSIBILITIES

- 4.1 Without prejudice to the Board's role, the Chairman of the Company shall:
- 4.1.1 represent the Company before others;
 - 4.1.2 ensure that the Directors have access to the complete and accurate information in a timely manner and discuss each item in the agenda of each meeting;
 - 4.1.3 encourage the Directors to effectively exercise their duties and roles in the best interest of the Company;
 - 4.1.4 ensure effective communication between the Company's Shareholder and the Board;
 - 4.1.5 prepare agendas for the Board meetings and general assembly meetings (annual general meetings/extraordinary general meetings) in coordination with the Company Secretary; and
 - 4.1.6 hold meetings with non-executive and independent Directors, without the attendance of the executives, to take their views on matters related to the Company's activity as required by section 7.7.
- 4.2 The Chairman of the Company shall create an environment that encourages constructive criticism on issues in which there is a divergence of views among the Directors, and develop and promote constructive relationships between the Board and executive management, without prejudice to the provisions of the Code.

5. COMPANY SECRETARY

- 5.1 To facilitate the fulfilment of the Boards' duties and responsibilities, the Board shall appoint the secretary of the Company (the "Company Secretary") and determine his or her duties.
- 5.2 The Company Secretary shall assist the Chairman and the Directors in carrying out their duties. The Company Secretary shall also act as the secretary for the Board committees.
- 5.3 The Company Secretary shall have responsibilities designated in the Company's By-Laws, the Code and the CCL.

6. INDEPENDENT PROFESSIONAL ASSISTANCE

- 6.1 The Board, or an individual Director, is entitled to obtain independent professional advice relating to the affairs of the Company, or to their individual responsibilities as members.
- 6.2 The cost of the advice will be reimbursed by the Company, subject to approval by the Board. The Board or the individual Director, as the case may be, will however ensure that, so far as is practicable, the cost is reasonable.

7. BOARD MEETINGS AND ATTENDANCE

- 7.1 The Board shall meet at least four times in each financial year. It is expected that the Board will convene on a quarterly basis, depending on the business to be conducted at each meeting. The duration of the meetings will depend on the agenda to be discussed.

- 7.2 Board meetings may be convened at any time by the Chairman or by any two members of the Board.
- 7.3 The Company Secretary shall prepare and distribute invitations to the meeting to all those required to attend.
- 7.4 Telephone or video conference meetings are permitted.
- 7.5 Board Resolutions may be issued by way of circulation in respect of urgent matters which cannot await a meeting of the board of directors. Circular resolutions shall be valid as long as they are signed by a majority of the Board members including the Chairman or, in his absence, by any person acting on his behalf. These decisions shall be included for ratification in the agenda of the meeting immediately following the circulation.
- 7.6 A Board meeting shall be quorate if a majority of Board members are present, provided this majority includes the Chairman or his Deputy. 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.
- 7.7 Independent non-executive members of the Board should meet at least once a year without executive members of the Board (the "Executive Directors") being present.

8. BOARD APPOINTMENT

- 8.1 Candidates for the Board shall be selected by taking into consideration the overall composition and diversity of the Board and areas of expertise that the Company might require. The candidates are subject to the approval of the Chairman of the Economic Development Board.
- 8.2 The Board recognizes the importance of having clearly delineated divisions of power and responsibilities at the head of the Company to ensure a balance of power and authority. Hence, it is the policy of the Board that the Chairman shall be a non-executive Director.
- 8.3 Directors will be issued Letters of Appointment detailing the directorship term, work time commitment, duties of the committees, remuneration and entitlement to expense reimbursement, and accessibility to independent professional technical advice when necessary.
- 8.4 The number of other company boards on which a Director serves shall be monitored by the Board's Compensation and Governance Committee from time to time.

9. VOTING RIGHTS

- 9.1 All decisions of the Board will be based on a simple majority of votes of the members present at the meeting (except in cases where the Company's internal procedures require a special majority). In the event of an equality of votes, the block of votes that includes the Chairman's vote will carry the matter.
- 9.2 The Board may invite certain individuals that are not Directors to attend a Board meeting in order to make presentations or reports, and to discuss items with the Board. Any such invited attendee shall not be entitled to vote on any matter that is being considered by the Board.

10. BOARD'S ACCESS TO INFORMATION

- 10.1 The invitation to a Board meeting should be given ten days in advance of the meeting.

- 10.2 In case of an extraordinary meeting, it should be held within three days from the date of receiving a substantiated request in writing from either the Shareholder, at least three Board members or the auditors.
- 10.3 The Chairman, in conjunction with the Executive Director(s) and the Company Secretary, shall undertake the primary responsibility for preparing the Board's agenda. The agenda should include matters specifically reserved for the Board's decision.
- 10.4 Save in relation to extraordinary meetings, as a matter of best practice and to allow sufficient time for Directors to consider the information, the Company Secretary shall provide the members with the meeting materials as early as possible and in, general, at least five days before a meeting takes place. Where there is a need to table a report, a brief summary of findings and/or recommendations should be provided.
- 10.5 A record of Board submissions and papers, and of materials presented to the Board on an electronic platform, shall be maintained and held by the Company Secretary together with minutes of meetings. All such records shall be accessible to members of the Board.

11. AUTHORITY

- 11.1 The Board of Directors is the ultimate decision-making body of the Company except for matters reserved for the Shareholder of the Company. Authority over matters relating to the appointment of Directors rests with the Economic Development Board.
- 11.2 Consistent with the Board's power to delegate management of the day-to-day operation of the Company's business, the Board shall exercise business judgment in establishing and revising the thresholds for authorization of expenditures and other corporate actions pursuant to the DAL. The thresholds for the identified areas will depend upon the operating requirements of the Company.
- 11.3 Additionally, the Directors shall exercise all powers and duties as stipulated in the Company's Memorandum and Articles of Association.
- 11.4 The Executive Director(s) and the Company Secretary shall provide the Board upon request with complete access to the Company's records and personnel.

12. DIRECTORS' LIABILITY

- 12.1 The Board Chairman and members of the Board shall be liable to the Company, Shareholder and third parties for any violation of the provisions of the Company's Memorandum and Articles of Association.
- 12.2 The Company shall maintain Directors' insurance in such amounts as shall be determined from time to time.