



مصرف الطاقة الأول
FirstEnergyBank

CORPORATE GOVERNANCE GUIDELINES

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DISCLAIMER: These Corporate Governance Guidelines reflect some of the key aspects of Corporate Governance requirements as introduced by the CBB in its High-Level Controls Module, volume 2 of the CBB rulebook. The Directors' Handbook of the Bank covers all applicable governance related requirements issued by the CBB in its High-Level Controls Module.

1. Director Qualification Standards and Selection of New Director Candidates

Director candidates should possess certain minimum qualifications for Board membership including strong values and discipline, high ethical standards, a commitment to full participation on the Board and its committees, relevant career experience, and a commitment to racial and gender diversity.

The Board has delegated to the Nomination, Remuneration and Governance Committee (NRGC) the responsibility for reviewing and recommending nominees for membership on the Board (HC-4.4.1).

2. Director Independence

A third of the members of the Board of Directors should qualify as independent directors (HC-1.5.2).

Additionally, a majority of the Audit Committee and the NRGC including the chairs of both the committees should also qualify as independent directors (HC-3.2.1, HC-4.2.2, HC-5.3.2).

'Independent Director' is defined in the glossary to Volume 2 of the Central Bank of Bahrain (CBB) rulebook.

3. Board Size

The number of directors shall be no more than 15. The NRGC shall conduct an annual assessment of the size and composition of the Board and from time to time make recommendations to the Board for changes in the size of the Board to ensure that it is small enough for efficient decision making yet large enough to have members who can contribute from different specialities and viewpoints. The changes in Board size should be recommended to shareholders when said changes require amendment of the Bank's Memorandum of Association. (HC-1.3.10).

4. Director Tenure

The term to be served by a director may not exceed three years (HC-4.4.1).

Upon a change of primary employment of any director, the NRGC shall consider and decide on the appropriateness of continued Board service for the director.

5. Director Compensation

Director compensation shall be determined by the NRGC. The Bank's policy shall be to ensure that director compensation is appropriate and competitive, is not linked to the performance of the Bank and is also appropriate to attract and retain highly-qualified directors.

6. Board Committees and Charters

The names and duties of the committees of the Board of Directors are given on the Bank's website and in the annual report of the Bank. Each committee has adopted a written charter describing its duties (HC-1.2.11, HC-1.8.6, HC-3.3.1, HC-4.3.1, HC-5.3.1).

7. Frequency and location of Board and Committee Meetings

Regular meetings of the Board of Directors shall be held at such times and places as determined by the Board, but in no event less than four times a year (HC-1.3.3) and provided at least half the board meetings in any twelve-month period are held in the Kingdom of Bahrain (HC-1.3.7A).

The frequency of committee meetings shall be documented in each committee's charter in line with minimum regulatory requirements as set forth by the CBB or other regulatory bodies.

8. Selection of Agenda Items for Board and Committee Meetings

The Chairman of the Board shall establish the agenda for Board meetings. Similarly, the committee chairs shall establish the committee agendas.

9. Board and Committee Materials Distributed in Advance

The Board and its committees shall be provided with appropriate materials in advance of each meeting (HC-1.3.9).

10. Sessions of Independent Directors

The independent directors shall meet in private sessions before or after each regularly scheduled meeting of the Board and at other times as they may determine is appropriate, except as may otherwise be determined by the independent directors themselves (HC-1.4.10).

Committees of the Board may also meet in private session as they deem appropriate.

11. Board Self-Evaluation

The NRC shall be responsible for annual evaluations of the Board and Board committees (HC1.9.2-b).

12. Director Access to Management and Independent Advisors

Non-executive directors have free access to the Bank's management beyond that provided in Board meetings (HC-1.7.2). The Board of Directors and Board committees shall have the right to consult and retain independent legal and other advisors at the expense of the Bank (HC-1.6.1).

13. Shareholder Communication with Directors

Interested shareholders of the Bank may communicate directly with the full Board through the Chairman or the corporate secretary by any one of several methods. These include mail addressed to the Bank's Head Office¹ or the Chairman's Office.

14. Chief Executive Officer Evaluation and Succession

The NRCG and the other non-executive directors shall conduct an annual review of the performance of the Chief Executive Officer (HC-1.2.2-c, HC-5.4). The Board of Directors has established policies and procedures regarding succession to the Chief Executive Officer as documented in the succession plan (HC-6.3.5).

15. Code of Conduct

The Bank shall adopt a Code of Conduct to provide guidelines for ethical conduct by directors, officers and employees. In the area of corporate governance, the Code of Conduct shall contain guidance regarding conflicts of interest, confidentiality and protection of Bank assets.

16. Director Orientation and Continuing Education

The Bank shall have an education and orientation program designed to familiarize new directors with the Bank, its management structure and operations, the industries in which the Bank operates, and key legal, financial, and operational issues (HC-4.5.1, HC-4.5.2).

17. Public Disclosure

The Bank shall comply with all public disclosure requirements related to Corporate Governance and Transparency as given in section PD-1.3.10 of the CBB rulebook. (please refer to the Public Disclosure module for the complete list of requirements).

18. Periodic Review of Guidelines

These Corporate Governance Guidelines shall be reviewed periodically by the Board and the NRCG.

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