

Mumtalakat
INVESTING FOR BAHRAIN

ممتلكات
استثمارات البحرين

Board Governance and Compensation Committee Charter

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1. INTRODUCTION

This Charter for the Compensation and Governance Committee (“CGC”) sets out the membership, responsibilities, principles and operation of the CGC and identifies its interaction with the Board of Directors, other Board Committees and Management.

2. ROLE OF CGC

- 2.1 The purpose of the CGC is to: assist the Board of Directors in identifying and nominating individuals qualified to serve as Board sub-committee members; recommend the remuneration and rewards policy for the Company and, in particular, for the executive director(s) and executive management team (CEO and Deputy CEO); support the Board Chairman in the performance review of Board and sub-committees; and establish the Company’s corporate governance framework.
- 2.2 To ensure that the human resources policies and practices of the Company are appropriate and consistent with its statutory obligations.
- 2.3 The role outlined above shall be carried out with due regard to local regulations (the Bahrain Commercial Companies Law 2001, Bahrain Labour Law and Central Bank of Bahrain) and the Company’s Memorandum and Articles of Association.

3. REPORTING LINES

The CGC shall report to the Board of Directors.

4. COMPOSITION

- 4.1 CGC members shall be nominated and appointed by the Board.
- 4.2 The CGC will comprise a minimum of three members, all of whom should be non-executive directors.
- 4.3 The Chairman of the Committee will be appointed by the Board.
- 4.4 The term of service of the CGC members shall be coterminous with their service to the Board.

5. SECRETARY

The Company Secretary will act as the secretary to the CGC (the “Secretary”).

6. MEETINGS & QUORUM

- 6.1 The CGC shall meet at least two times per year, or as required to undertake its role effectively. The CGC Chairman will call a meeting of the CGC if so requested by any member of the CGC or the Chairman of the Board.
- 6.2 A quorum will be two members of the CGC.
- 6.3 The CGC Chairman will chair all regular sessions of the CGC and set the agenda for meetings. Other than in urgent cases, the Secretary shall provide the members with an agenda and

necessary documentation as early as possible and, in general, at least seven days before a meeting takes place.

- 6.4 In the absence of the CGC Chairman at a meeting, the remaining members present shall elect one of their numbers to chair the meeting.
- 6.5 CGC Committee members must attend 75% of all meetings annually to remain on the Committee. Non-compliance with attendance requirements can only be excused if ratified by the Board.
- 6.6 Members of Management and/or parties external to the Company may be invited by the CGC Chairman to attend any meeting of the CGC or part thereof.
- 6.7 Telephone and video conferencing and circular resolutions are permitted.

7. VOTING RIGHTS

- 7.1 All decisions of the CGC will be based on a simple majority of votes of the members present at the meeting. In the event of equality of votes, the CGC Chairman or, in his absence, the acting chairman of the CGC will have the casting vote.
- 7.2 No CGC member shall vote or participate in a determination of any matter in which the member shall or may receive a private gain. CGC members have a duty of loyalty that precludes them from being influenced by motives other than the accomplishment of the purposes of the CGC.
- 7.3 No member of the Board (or of the CGC) shall attend those parts of the CGC where their own remuneration or performance is considered.
- 7.4 The CGC shall, if required, support the Board Chairman in reviewing the performance of, and making recommendation of remuneration for, the other members of the Board.
- 7.5 All decisions of the CGC relating to remuneration shall be referred to the Board of Directors. These decisions shall take effect only upon resolution by the Board and approval of the Shareholder at the Annual General Meeting.

8. RESOURCES AND AUTHORITY

- 8.1 The CGC is authorised to obtain, at the Company's expense, outside advice on any matters within its Charter and in accordance with the Discretionary Authority Limits ("DAL") such authority includes appointing compensation experts and consultants and executive search firms.
- 8.2 The CGC is authorised to seek any information it requires from any employee of the Company in order to perform its duties.

9. DUTIES AND RESPONSIBILITIES

The duties of the CGC will be as follows:

9.1 Remuneration

- 9.1.1 Review and recommend the following to the Board for approval:

- Compensation policy guidelines of the Company in particular for the non-executive directors, the executive director(s), the CEO and the Deputy CEO.
- The CEO's recommendations on the composition of the Company's senior management team.
- Ensure that the recruitment policies of the organisation are designed to attract and retain quality staff whilst providing appropriate accountability for performance.
- Review recommendations made by the CEO regarding the remuneration arrangements of the Company's senior managers. Specifically, in consultation with the CEO, the CGC will:
 - Review and determine the terms of the service contracts of the Company's senior managers.
 - Review and determine the salaries of the Company's senior managers.
 - Determine the annual bonus, if any, of the Company's senior managers.
 - Determine long-term equity plans.
 - Review any other matters related to the remuneration, long term incentives and benefits of the Company's senior managers and make recommendations to the Board accordingly.

9.1.2 Responsibility to determine remuneration policy and individual remuneration arrangements for all staff (apart from the Deputy CEO) rests with the CEO in consultation, where appropriate, with the Board or the CGC. Specifically, the CGC may review:

- The staff remuneration strategy and policy of the Company.
- Standard terms of employment of staff and any exceptions thereto.
- Market competitiveness and competitor benchmark of salaries and benefits provided to staff at least once a year.
- Determine individual employee's compensation in light of their individual assessments, targets and achievements.
- Annual bonus plans and annual bonus awards made by the Company and its subsidiaries.

9.1.3 Evaluate the CEO and Deputy CEO's performance in light of corporate goals and objectives and evaluate the performance of all other officers of the Company in consultation with the CEO, the Chairman of the Board and the Economic Development Board.

9.1.4 Ensure that the employment costs of the Company remain within agreed budgetary guidelines.

9.2 Orientation and Continued Education

Review, monitor and make recommendations regarding the orientation, induction and ongoing development of existing and new directors (such as continued education and training programmes).

9.3 Governance

9.3.1 Establish procedures for the CGC to exercise oversight and evaluation of the Board-

9.3.2 Develop and recommend to the Board the Company's corporate governance framework, including guidelines, and review and reassess the adequacy of those guidelines on at least an annual basis.

9.3.3 Review, supervise and monitor the implementation of the Company's Codes of Conduct for directors and employees.

9.3.4 Monitor and benchmark local and international developments in relevant regulations against the Company's corporate governance framework.

9.3.5 Detail the contents that should be published in the Annual Report relating to corporate governance activities.

9.3.6 When necessary, recommend to the Board and the Shareholder any changes to the Company' Memorandum and Articles of Association.

9.3.7 Review and recommend the Directors' and Officers' Liability insurance cover.

10. CONFIDENTIALITY

The CGC shall exercise utmost discretion when making written records of its deliberations and recommendations on remuneration.

11. PERFORMANCE EVALUATION

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

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

12. MINUTES OF MEETING

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

13. REPORTING

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

13.2 The CGC Chairman shall submit an annual report to the Board (at the Board meeting at which the year end financial statements are approved) summarising the CGC's activities during the year.

13.3 The Company's annual report should contain a separate section that describes the role and activities of CGC.

14. ANNUAL GENERAL MEETING

The CGC Chairman shall attend the Annual General Meeting in order to respond to any shareholder enquiries on the CGC's activities.

15. BOARD TRANSPARENCY

Every Board member shall have unrestricted access to all records of the CGC but, in accessing such records, the member must disclose to the Board that they have exercised such rights.