



خدمات مطار البحرين
BAHRAIN AIRPORT
SERVICES

Corporate Governance Guidelines

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1. PURPOSE

1.1. The purpose of the Policy is to outline the corporate governance structure and supporting framework for Bahrain Airport Services B.S.C. (c) (“BAS” or the “Company”), This Policy, together with the Memorandum and Articles of Association details the authority and governance practices for BAS.

2. CORPORATE GOVERNANCE FRAMEWORK

2.1. Elements

2.1.1. The corporate governance framework is supported by the following policies and procedures in place at BAS:

- Board of Directors Charter
- Audit Committee Charter
- Executive Committee Charter
- Nomination, Remuneration and Corporate Governance Committee Charter
- Conflicts of Interest Management Policy
- Corporate Governance Disclosure Checklist
- Directors Induction and Training Policy
- Directors Remuneration Policy
- Directors Code of Conduct
- Whistleblowing Policy
- Related Party Transaction Policy
- Corporate Social Responsibility Policy
- Schedule of Authorities
- Directors Appointment Letters
- Terms of reference of the Corporate Governance Officer

2.2. Board of Directors

2.2.1. The Board is responsible to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company, and the Shareholders.

2.2.2. Directors are expected to attend and actively participate in Board meetings and meetings of the sub-committees on which they serve.

2.2.3. The Board is responsible for overall compliance with the corporate governance of the Company. It oversees and directs the management of the Company’s business and affairs. In doing so, it must act honestly, in good faith, and in the best interests of the Company.

2.2.4. The Board has established the AC and NRCGC to oversee specific affairs of the Company.

2.3. Audit Committee

2.3.1. The responsibility of the AC is to oversee the financial information reporting and oversee the risk management framework of the Company.

2.3.2. Further, the AC shall liaise with the Corporate Governance Officer to monitor the related party transactions entered into by the Company, in line with the Corporate Governance Code requirements.



2.4. Nomination, Remuneration and Corporate Governance Committee

- 2.4.1. The responsibility of the NRCGC is to assist the Board to identify, assess, and nominate individuals for Directorships on the Company's Board as well as Senior Management of the Company.
- 2.4.2. The NRCGC shall also liaise with the Corporate Governance Officer to ensure that the governance framework is implemented satisfactorily and the Company is in compliance with the prevailing regulations pertaining to corporate governance.

2.5. Executive committee

- 2.5.1. The executive committee has been charged with the responsibility of providing oversight to the Board on areas such as capital structure, capital expenditure, investments, etc.
- 2.5.2. All other Committees of the Board shall have a horizontal reporting line to the Executive Committee, for relevant areas.

2.6. Management

- 2.6.1. The Management has been charged with operating the Company in a manner which reasonably and reliably maximises the long-term value for the Shareholders.
- 2.6.2. They shall set a strong ethical tone for the Company and, establish and implement a code of conduct which is reasonably calculated to discourage and detect misconduct.
- 2.6.3. The Management shall establish internal controls and a financial reporting system which are reasonably calculated to produce financial reports that accurately and fairly present the Company's financial condition.
- 2.6.4. The Management is responsible to ensure that financial reports present a true and fair view of the Company's financial position and that the operational results are in accordance with relevant accounting standards.

2.7. Corporate Governance Officer

- 2.7.1. The Corporate Governance Officer (CGO) maintains oversight over the corporate governance structure of the Company.
- 2.7.2. He / She will liaise with the respective committees to execute their duties and responsibilities.
- 2.7.3. The CGO shall liaise with the respective regulatory authority to submit corporate governance related submissions.

3. COMPOSITION OF THE BOARD

- 3.1. The Board of BAS, and its subsidiaries shall comprise a mix of executive and non-executive directors, defined as follows.
- 3.1.1. Executive Members: a director who is an officer or employee, or is otherwise involved in day-to-day management, of either:
- the company,
 - another company which is a controlling shareholder of the company,
 - another company of which the company is a controlling shareholder,
 - another company which is controlled by a controlling shareholder of the company.
- 3.1.2. Non-Executive Members: Directors who are neither employees nor hold any executive responsibilities in the Company (i.e. is not an executive director).
- 3.1.3. Independent Members: A non-executive director of the company who has financial independence as well as independence of judgement with regard to the Company. The



Director or his/her family members should not have any physical, economical or financial relationship with the Company or any of its associates, subsidiaries or affiliates. The independence of a Director is considered impaired if he or she:

- (i) Holds %10 or more of the shares of the Company or the parent company;
- (ii) Is a representative of a legal person who holds %10 or more of the shares of the Company or the parent company;
- (iii) Served for the two years preceding their nomination in an executive position in the Company or the parent company;
- (iv) Is a first-degree relative of any Director of the Company or any of the key executive committee personnel of the Company or the parent company;
- (v) Is a Director of the parent company or any of its subsidiaries or any of the company's associates in which he is a nominee for directorship;
- (vi) Was employed, in the two years preceding their nomination, by any of the Company's contracting parties (including external auditors, major suppliers, and community associations which have received substantial funding from the Company);
- (vii) Was employed by the parent company, in the two years preceding their nomination;
- (viii) Paid to the Company, or received therefrom over BD50,000 or the equivalent thereof, during the year preceding the year in which their independence is being reviewed (this does not include the Director's remuneration they are paid in lieu of serving as a Director for the Company)
- (ix) If they or any of their relatives is a partner of the Company's auditor or an employee thereof, or if they, during the two years preceding the date of his appointment to the Board, has been a partner or an employee of the Company or the Company's auditor; and
- (x) Is an employee or a partner in a Company that provides consulting services to the Company or its parent.

A Director's independence shall not be affected by his employment with the parent company or any of its subsidiaries, if any of them is a government entity or a company where share capital of at least %75 is owned by the government or any of its subsidiaries.

3.2. Board members are appointed, reappointed, or terminated in accordance with the Articles of Association, as recommended by the Shareholder.

3.3. To establish clear a balance of power and authority, the role of Chairperson shall be assigned to a non-executive member. Accordingly, the roles of Board Chairperson and CEO of the Company shall not be exercised by the same person.

4. OTHER ELEMENTS OF CORPORATE GOVERNANCE FRAMEWORK

4.1. Code of conduct

BAS has in place a Code of Conduct for the Board of Directors who are expected to comply with the legal and ethical standards put in place. Additionally, the Company also has an anti-corruption policy in line with the prevailing Anti-Corruption Laws which is applicable to both internal and external members (such as vendors, agents, etc.) of the Company.

4.2. Related party transaction



BAS has adopted a related party transaction policy (within the Finance Manual) defining who are related parties, what is considered a related party transaction and how such transactions are executed.

4.3. Corporate social responsibility

The Company is committed to social causes that support the Bahraini community. On an annual basis, the Board approves a social responsibility plan, defining how the Company intends to disburse funds for the causes it supports during the year. A Management-level Social Committee has been formed to take care of day-to-day responsibilities for social activities.

5. ASSURANCE FUNCTIONS

5.1. External audit

External audit is an examination of the Company's financial statements in accordance with specific laws or rules in financial reporting. The external audit function shall independently assess the integrity of the financial statements and provide assurance to the Audit Committee as well as the Shareholders.

5.2. Internal Audit

The role of the Internal Audit Function is to assist the Board and Management in achieving effective Corporate Governance, Business Risk Management and Internal Control through providing objective, independent, professional and risk-based assurance and consultation services in line with the Company's values and audit profession ethics and standards. Internal Audit provides an independent appraisal process to examine and evaluate operations as a service to BAS's Audit Committee.

6. REMUNERATION POLICY

6.1. The Board shall adopt a 'remuneration policy', approved by the Shareholder, which will be applicable for the whole Company (covering the board members, committee members and the secretaries).

7. DELEGATION OF AUTHORITY

7.1. BAS has developed a 'Schedule of Authorities matrix, which serves as a guide operational activities of the Company. The document has been split into seven sections:

7.1.1. Section 1: Defines the purpose and scope of the document.

7.1.2. Section 2: Defines authorities for commercial activities such as entering into agreements, approving credit terms, pricing of services, credit terms, business development activities and joint ventures.

7.1.3. Section 3: Defines authorities for human resources related activities starting from recruitment to termination/retirement.

7.1.4. Section 4: Defines administration related authorities including safety, security, and insurance.

7.1.5. Section 5: Defines authorities for finance activities such as operating bank accounts, depreciation, write-off, preparation of budgets and accounts, etc.

7.1.6. Section 6: Defines authorities for purchasing, both materials/services and projects.

7.1.7. Section 7: Defines the procedures to follow in case of an exception to the Company manuals.

7.2. The limits are approved by the Board of Directors and are subject to periodic review.

