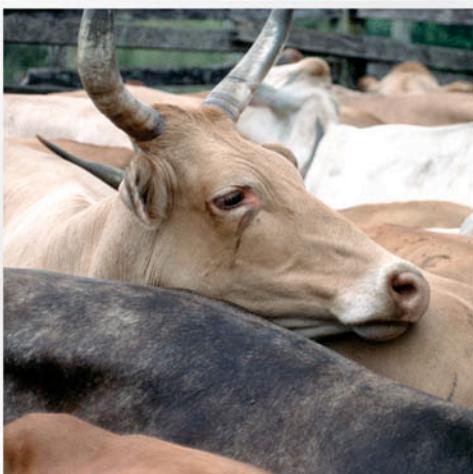




# CORPORATE GOVERNANCE GUIDELINES FOR THE SIAT GROUP OF COMPANIES





## CORPORATE GOVERNANCE GUIDELINES FOR THE SIAT GROUP OF COMPANIES

## CONTENTS

	Page
What is corporate governance? .....	4
Objective .....	4
Approach .....	4
Disclosure .....	4
The corporate governance principles .....	5
Principle 1 : The company shall adopt a clear governance structure .....	5
Principle 2 : The company shall have an effective and efficient board taking decisions the corporate interest .....	6-7
Principle 3 : All directors shall demonstrate integrity and commitment .....	7
Principle 4 : The company shall have a rigorous and transparent procedure for the appointment and evaluation of the board and its members .....	8-9
Principle 5 : The board shall set up specialized committees .....	9-10
Principle 6 : The company shall define a clear executive management structure .....	10-11
Principle 7 : Compliance with environmental, health and safety laws and regulations..	11
Principle 8 : The company shall remunerate directors and executive management fairly and responsibly .....	12-13
Principle 9 : The company shall respect the rights of all shareholders and encourage their participation .....	13-14
Principle 10 : The company shall ensure adequate disclosure of its corporate governance .....	14
Appendix A : Criteria of independence .....	15
Appendix B : Transactions in shares and compliance with directives on insider dealing and market manipulation (market abuse) .....	16
Appendix C : Audit committee .....	16-18
Appendix D : Disclosure requirements .....	18-19



## WHAT IS GOOD CORPORATE GOVERNANCE?

Corporate Governance is a set of rules and behaviors according to which, companies are managed and controlled. It defines the relationships between a corporate body's management, its board, shareholders and other stakeholders. A good corporate governance model will achieve its goal by setting a proper balance between entrepreneurship and control, as well as between performance and conformance.

For entrepreneurship, corporate governance rules should not only facilitate performance-driven direction, but should also provide mechanisms for direction and leadership while ensuring integrity and transparency in the decision-making process.

Good corporate governance should help determine a company's objectives, the means through which these objectives are attained and how performance is evaluated. In this sense, corporate governance should provide incentives for the board and management to pursue objectives that are in the interest of the company, its shareholders and other stakeholders.

Control means effective evaluation of performance, careful management of potential risks, and proper supervision of conformity with agreed procedures and processes. The emphasis is on monitoring whether robust control systems are effectively in operation, whether potential conflicts of interest are managed and whether sufficient checks are in place to prevent abuse of power leading to private benefits prevailing over corporate benefits.

### ***Objective***

Corporate Governance offers a framework for accountability, checks and balances for the attainment of the company's vision and objectives. Corporate governance guidelines ensure that the expectations of shareholders and other stakeholders are achieved through the proper and efficient stewardship of Board of Directors, the Management Team and employees of the company.

### ***Approach***

Considering the company's shareholding structure, activities, exposure to risks and its management structure in relation to the group, the company has opted for Corporate Governance guidelines based on a "comply or explain" system.

### ***Disclosure***

Disclosure, leading to transparency, is an essential ingredient of corporate governance. Indeed, disclosure is crucial to allow outside monitoring to function effectively.

Transparency is obtained through disclosure in two different documents: the Corporate Governance Charter, posted on the company's website, and the Corporate Governance Chapter in the annual report.

In the Corporate Governance Charter, the company will describe the main aspects of its corporate governance, such as its governance structure, the terms of reference of the board and its committees and other important topics.

The Corporate Governance Chapter of the annual report should include more factual information relating to corporate governance, including changes to the company's corporate structure together with relevant events that took place during the year under review, such as appointment of new directors, designation of committee members, or the annual remuneration received by members of the board.

## THE CORPORATE GOVERNANCE PRINCIPLES

### *Principle 1 : The company shall adopt a clear governance structure*

- 1.1. The company should be headed by a collegial board. The company should define and disclose the board's terms of reference in its Corporate Governance Charter (hereinafter "CG Charter").
- 1.2. The board should decide on the company's values and strategy, its risk appetite and key policies.
- 1.3. With respect to its monitoring responsibilities, the board should:
  - ◎ review the existence and functioning of a system of internal control, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations);
  - ◎ take all necessary measures to ensure the integrity of the company's financial statements;
  - ◎ review executive management performance;
  - ◎ supervise the performance of the external auditor and supervise the internal audit function. The internal audit function shall be headed by a Siat Group Internal Auditor who reports to the CEO and the Boards.
- 1.4. The board should decide on the executive management structure and determine the powers and duties entrusted to executive management. These should be included in the terms of reference of the board and in those of executive management.
- 1.5. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. The chairman of the board and the chief executive officer (hereinafter "CEO") should not be the same individual. The division of responsibilities between the chairman and the CEO should be clearly established, set out in writing and agreed by the board.
- 1.6. The board should ensure that its obligations to all its shareholders are understood and met. It should account to shareholders for the discharge of its responsibilities.



## ***Principle 2 : The company shall have an effective and efficient board taking decisions the corporate interest***

- 2.1. The board's composition should ensure that decisions are made in the corporate interest. It should be determined on the basis of the necessary diversity and complementary skills, experience and knowledge. A list of the members of the board should be disclosed in the Corporate Governance Chapter of the annual report (hereinafter "CG Chapter of the annual report").
- 2.2. No individual or group of directors should dominate the board's decision-making. No one individual should have unfettered powers of decision-making. At least half the board should comprise non-executive directors and at least three of them should be independent.

Remark: A non-executive director is any member of the board who has no executive responsibilities in the company.

- 2.3. To be considered independent, a director should be free from any business, close family or other relationship with the company, its controlling shareholders or the management of either that creates a conflict of interest such as to affect that director's independent judgement. In assessing independence, the criteria set out in Appendix A should be taken into account.

The company should disclose which directors it considers to be independent. If one or more of the criteria in Appendix A are not met, the company should disclose its reasons for nevertheless considering this director to be independent.

An independent director who ceases to satisfy the requirements of independence should immediately inform the board.

- 2.4. The chairman is responsible for the leadership of the board. He or she should take the necessary measures to develop a climate of trust within the board, contributing to open discussion, constructive dissent and support for the board's decisions.
- 2.5. The chairman sets the agenda of the board meetings, after consultation with the CEO, and ensures that procedures relating to preparatory work, deliberations, passing of resolutions and implementation of decisions are properly followed. The minutes of the meeting should sum up the discussions, specify any decisions taken and state any reservations voiced by directors.

Guideline: The agenda should list the topics to be discussed and specify whether they are for information, for deliberation or for decision-making purposes.

- 2.6. The chairman is responsible for ensuring that the directors receive accurate, timely (minimum 7 calendar days in advance) and clear information before the meetings and, where necessary, between meetings. All directors should receive the same board information.
- 2.7. The number of board and board committee meetings and the individual attendance record of directors should be disclosed in the CG Chapter of the annual report.

Guideline: The board should meet sufficiently regularly to discharge its duties effectively. The Board should meet at least three times a year. During the first meeting of the year the board reviews the results of the company of the previous year, the second meeting should review the

## CORPORATE GOVERNANCE GUIDELINES FOR THE SIAT GROUP OF COMPANIES

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mid-year results and the third should review the budget proposals. Dates of these meetings for the next year are fixed during the last meeting of the year. An additional meeting may be held to review the budget performance of the current year and approve any changes if unforeseen conditions impose such decision.

- 2.8. The board should appoint a company secretary reporting to the board on how board procedures, rules and regulations are followed and complied with. Where necessary, the company secretary should be assisted by the company lawyer. Individual directors should have access to the company secretary.

### *Principle 3 : All Directors shall demonstrate integrity and commitment*

- 3.1. Independence of judgement is required in the decisions of all directors, executive and non-executive alike, whether the non-executive directors are independent or not.
- 3.2. Directors should make sure they receive detailed and accurate information and should study it carefully so as to acquire and maintain a strong command of the key issues relevant to the company's business. They should seek clarification whenever they deem it necessary.
- 3.3. While executive and non-executive directors are part of the same collegial body, they have each a specific and complementary role to play on the board.

Guideline: Executive directors should provide all relevant business and financial information for the board to function effectively.

Guideline: Non-executive directors should constructively challenge and help develop strategy and key policies proposed by executive management.

Guideline: Non-executive directors should scrutinise the performance of executive management in meeting agreed goals.

- 3.4. Directors cannot use the information obtained in their capacity as director for purposes other than for the exercise of their mandate.
- 3.5. Each member of the board should arrange his or her personal and business affairs so as to avoid direct and indirect conflicts of interest with the company. All directors should inform the board of conflicts of interest as they arise and abstain from voting on the matter involved in accordance with the relevant provisions of the Code on Companies. Any abstention from voting, motivated by a conflict of interest, should be disclosed in accordance with the relevant provisions of the Code on Companies.
- 3.6. The board should establish a policy for transactions or other contractual relationships between the company, including its related companies, and its board members, which are not covered by the legal provisions on conflicts of interest. This policy should be disclosed in the CG Charter. Comments on the application of this policy should be disclosed in the CG Chapter of the annual report. Transactions between the company and its board members should take place at arms' length.
- 3.7. The company should take all necessary and useful measures to comply with relevant legislation on insider dealing and market manipulation (market abuse). In this respect it should at least adhere to the provisions and guidelines laid down in Appendix B.



***Principle 4 : The Company shall have a rigorous and transparent procedure for the appointment and evaluation of the Board and its members***

**Nomination and appointment**

- 4.1. There should be a rigorous and transparent procedure for an efficient appointment and re-election of directors. The board should draw up nomination procedures and selection criteria for board members, allowing for specific rules for executive and non-executive directors where appropriate.
- 4.2. The chairman of the board or another non-executive director should lead the nomination process. The nomination committee should recommend suitable candidates to the board. The board should then make proposals for appointment or re-election to the general meeting of shareholders.
- 4.3. For any new appointment to the board, the skills, knowledge and experience already present and those needed on the board should be evaluated and, in the light of that evaluation, a description of the role and skills, experience and knowledge needed should be prepared (also referred to as a 'profile').
- 4.4. When dealing with a new appointment, the chairman of the board should ensure that, before considering the candidate, the board has received sufficient information such as the candidate's résumé (CV), the assessment of the candidate based on the candidate's initial interview, a list of the positions the candidate currently holds, and, if applicable, the necessary information for assessing the candidate's independence.
- 4.5. Non-executive directors should be made aware of the extent of their duties at the time of their application, in particular as to the time commitment involved in carrying out those duties. They should not consider taking on more than five directorships in listed companies. Changes to their other relevant commitments and their new commitments outside the company should be reported to the chairman of the board as they arise.
- 4.6. Any proposal for the appointment of a director by the shareholders' meeting should be accompanied by a recommendation from the board, based on the advice of the nomination committee.

The proposal should specify the proposed term of the mandate, which should not exceed the norm of the country as per the articles of association. It should be accompanied by relevant information on the candidate's professional qualifications together with a list of the positions the candidate already holds.

The board will indicate whether the candidate satisfies the independence criteria.

Without prejudice to applicable legal provisions, proposals for appointment should be communicated at least 24 days before the general meeting, together with the other points on the agenda of the general meeting. This provision also applies to proposals for appointment originating from shareholders.

- 4.7. The board should designate its chairman.

## CORPORATE GOVERNANCE GUIDELINES FOR THE SIAT GROUP OF COMPANIES

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### Induction

- 4.8. The chairman should ensure that newly appointed directors receive an appropriate induction to ensure their early contribution to the board. The Company Secretary has an important role to play in this process.
- 4.9. For directors joining board committees, the induction provided should encompass a description of their specific role and duties and any other information linked to the specific role of that committee.
- 4.10. Directors should update their skills and improve their knowledge of the company to fulfil their role both on the board and on board committees.

### Evaluation

- 4.11. Under the lead of its chairman, the board should regularly (e.g. at least every two to three years) assess its size, composition, operation and interaction with executive management.
- 4.12. When dealing with re-election, the director's commitment and effectiveness should be evaluated in accordance with a pre-established and transparent procedure.
- 4.13. The board should act on the results of the performance evaluation by recognising its strengths and addressing its weaknesses. Where appropriate, this will involve proposing new members for appointment, proposing not to re-elect existing members or taking any measure deemed appropriate for the effective operation of the board.

### *Principle 5 : The Board shall set up specialized committees*

- 5.1. The board should set up specialised committees to analyse specific issues and advise the board on those issues. The decision-making remains within the collegial responsibility of the board. The board should determine and disclose in the CG Charter the terms of reference of each committee detailing its role, composition and operation.
- 5.2. The board should set up an audit committee to assist the board in fulfilling its monitoring responsibilities in respect of control in the broadest sense. The audit committee should follow the provisions set out in Appendix C.
- 5.3. The board should set up a business development committee in view of providing guidance as to the long term development of the company and should take into consideration all aspects of the business (such as technical, environmental, marketing, financial, strategic aspects to name a few). This committee is to review on an annual basis the company's long term business plan.
- 5.4. The Board should set up a Corporate/Public Relations committee to review and evaluate the major determinants of corporate change that apply to the company with the view to establishing guidelines for favourable positioning of the company in the eyes of the public.



- 5.5. The chairman of the board should ensure that the board appoints committee members and a chairman for each of those committees. Each committee is composed of at least three members. Designation should not be for a term exceeding that of board membership.

Guideline: In deciding on the specific composition of a committee, consideration should be given to the needs and qualifications required for the optimal functioning of that committee.

- 5.6. Board committees should be entitled to seek external professional advice at the company's expense after explicit approval of the chairman of the board.
- 5.7. After each committee meeting, the board shall receive from each committee a report on its findings and recommendations.

#### ***Principle 6 : The Company shall define a clear executive management structure***

- 6.1. The board should determine, in close consultation with the CEO, the terms of reference of the executive management detailing its responsibilities, duties, powers, composition and operation. These terms should be disclosed in the CG Charter.
- 6.2. Executive management should at least include all executive directors. If there exists a management committee, executive management also includes all members of that committee. A list of the members of the executive management should be disclosed in the CG Chapter of the annual report.
- 6.3. The board should empower executive management to enable it to perform its responsibilities and duties. Taking into account the company's values, its risk appetite and key policies, executive management should have sufficient latitude to propose and implement corporate strategy.
- 6.4. Executive management should :
  - ◎ be entrusted with the running of the company;
  - ◎ put internal controls in place (i.e. systems to identify, assess, manage and monitor financial and other risks), without prejudice to the board's monitoring role;
  - ◎ be responsible and accountable for the complete, timely, reliable and accurate preparation of the company's financial statements, in accordance with the accounting standards and policies of the company;
  - ◎ present the board with a balanced and understandable assessment of the company's financial situation;
  - ◎ provide the board in due time with all information necessary for the board to carry out its duties;
  - ◎ be accountable to the board for the discharge of its responsibilities.

## CORPORATE GOVERNANCE GUIDELINES FOR THE SIAT GROUP OF COMPANIES

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6.5. Clear procedures should exist for:

- ◎ proposals from executive management for decisions to be made by the board;
- ◎ the decision-making by executive management;
- ◎ the reporting to the board of key decisions made by executive management.

6.6. Provision 3.6. applicable to transactions between the company and directors also applies to transactions between the company and executive managers.

6.7. Provision 3.7. applicable to transactions between the company and directors also applies to transactions between the company and executive managers.

### *Principle 7 : Compliance with Environmental, Health and Safety regulations*

7.1. The company should conduct business in a safe and environmentally sustainable manner that promotes the health of its employees, customers, community and the Environment. All employees are expected to understand, follow and promote this Guideline.

#### **Compliance**

7.2. The company will comply with all applicable Environmental, Health and Safety (EHS) laws and regulations. The company will conduct audits and implement practices to ensure compliance with these requirements.

#### **Continual Improvement**

7.3. The company will establish EHS goals, objectives and targets to continually improve her performance, and will publicly report its progress.

#### **Business Integration**

7.4. The company will integrate EHS into business decisions to proactively ensure the health and safety of its employees and promote environmentally sustainable practices.

#### **Communication and Education**

7.5. The company will communicate this Guideline to her employees, customers, shareholders, suppliers, community and other stakeholders. The company will provide training and resources to enable employees to implement this Guideline and share best practices in order to promote human and environmental health.



## ***Principle 8 : The company shall remunerate directors and executive management fairly and responsibly***

- 8.1. Levels of remuneration should be sufficient to attract, retain and motivate directors and executive managers who have the profile determined by the board.
- 8.2. The company should disclose its remuneration policy in its CG Charter.
- 8.3. In the CG Chapter of the annual report, the company should disclose, the bulk amount of the remuneration and other benefits granted directly or indirectly to directors of the board and the members of executive management, by the company or any other undertaking belonging to the same group.

### **Non-executive directors' remuneration**

- 8.4. The remuneration of non-executive directors should take into account their responsibilities and time commitment.
- 8.5. Non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits.

Guideline: A director's mandate may be terminated "ad nutum" (at any time) without any form of compensation.

### **Executive directors' remuneration**

- 8.6. Provisions on the remuneration of non-executive directors apply to the remuneration of executive directors in their capacity as board members.
- 8.7. Provisions on the remuneration of executive managers apply to the remuneration of executive directors in their executive capacity.

### **Executive managers' remuneration**

- 8.8. The board should determine formal and transparent procedures on the remuneration of executive managers (i.e. in terms of general increases per category and incentives related to performance). No individual should be involved in deciding his or her own remuneration.
- 8.9. The board determines the remuneration policy for executive managers.
- 8.10. If an executive manager is also an executive director, the remuneration should be determined taking into account the compensation received in that person's capacity as a board member.
- 8.11. An appropriate proportion of an executive manager's remuneration package should be structured so as to link rewards to corporate and individual performance, thereby aligning the executive managers' interest with the interest of the company and its shareholders.
- 8.12. Where executive managers are eligible for incentives, their grant should be subject to relevant and objective performance conditions designed to enhance corporate value. Evaluation and review procedures for executive managers' performance should be established.

## CORPORATE GOVERNANCE GUIDELINES FOR THE SIAT GROUP OF COMPANIES

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- 8.13. At least once a year, the board should discuss with the CEO both the operation and performance of executive management. The CEO should not be present at the discussion of his or her own evaluation. The evaluation criteria should be clearly specified.

### *Principle 9 : The Company shall respect the rights of all Shareholders and encourage their participation*

#### **Shareholders' information**

- 9.1. The company should treat all shareholders equally. It should ensure that all necessary facilities and information to enable shareholders to exercise their rights are available.

The company should dedicate a specific section of its website to describing the shareholders' rights to participate and vote at the general shareholders' meeting. This section should also contain a timetable on periodic information and shareholders' meetings.

The articles of association and the CG Charter should be available at any time.

The company should disclose in its CG Charter its shareholding and control structure and any cross-shareholdings exceeding 5% of the shareholdings or voting rights, insofar as it is aware of them, and as soon as it has received the relevant information.

The company should disclose in its CG Charter the identity of its major shareholders, with a description of their voting rights and special control rights, and, if they act in concert, a description of the key elements of existing shareholders' agreements. The company should also disclose other direct and indirect relationships between the company and major shareholders.

#### **Shareholders' meetings**

- 9.2. The shareholders' meeting should be used to communicate with shareholders and to encourage their participation. Those shareholders who are not present should be able to vote in absentia, such as by proxy voting.

The company should make the relevant information accessible through electronic means in advance of general meetings.

When convening meetings, the company should provide appropriate explanations on agenda items and on resolutions put forward by the board. In addition to the formalities imposed by the Code on Companies in this respect, the company should use its website to make public all relevant information and documentation on the exercise of the shareholders' voting rights.

The level of shareholding for the submission of proposals by a shareholder to the general shareholders' meeting should not exceed 5% of the share capital.

The chairman should take the necessary measures for relevant questions from shareholders to be answered. At the general meeting, the directors should answer questions put to them by the shareholders on their annual report or on the items on the agenda.



Guideline: Under the guidance of the chairman of the board, directors should answer such questions, insofar as the answers would not cause a material prejudice to the company, its shareholders or its employees.

The company should post the results of votes and the minutes of the general meeting on its website as soon as possible after the meeting.

### **Investors**

Given the reliance on market monitoring to enforce the flexible 'comply or explain' approach of this Code, the board should encourage investors, and in particular institutional investors, to play an important role in carefully evaluating a company's corporate governance. The board should endeavour to have institutional and other investors give weight to all relevant factors drawn to their attention.

The board should endeavour to have investors carefully consider explanations given for departure from this Code and have them be able to make reasoned judgements in each case. The board should engage in a dialogue with investors if those investors do not accept the company's position, bearing in mind in particular the company's size and complexity and the nature of the risks and challenges it faces.

## ***Principle 10 : The company shall ensure adequate disclosure of its corporate governance***

- 10.1 The company should establish a CG Charter describing all the main aspects of its corporate governance policy, including at least the elements listed in the provisions of Appendix D.
- 10.2 The CG Charter should be updated as often as needed to reflect the company's corporate governance at any time. It should be available on the company's website specifying the date of the most recent update.
- 10.3 The company should establish a CG Chapter in its annual report describing all relevant corporate governance events that took place during the year under review. That document should include at least the elements listed in the provisions of Appendix D.
- 10.4 Whenever a price sensitive information or information relating to changes in the shareholders' rights occur in relation to corporate governance, the company should disclose it immediately.

## APPENDIX

### *Appendix A : Criteria of independence*

- 2.3./1 The assessment of independence should be made taking into account the following criteria:
- not being an executive or managing director of the company or an associated company, and not having been in such a position for the previous three years;
  - not being an employee of the company or an associated company, and not having been in such a position for the previous three years;
  - not receiving, or having received, significant additional remuneration from the company or an associated company apart from a fee received as non-executive director;
  - not being a controlling shareholder or a shareholder with a shareholding of more than 10%, or a director or executive officer of such a shareholder;
  - not having, or having had within the last year, a significant business relationship with the company or an associated company, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship;
  - not being or having been within the last three years, a partner or employee of the current or former external auditor of the company or an associated company;
  - not being an executive or managing director of another company in which an executive or managing director of the company is a non-executive or managing director, and not having other significant links with executive directors of the company through involvement in other companies or bodies;
  - not having served on the board as a non-executive director for more than three terms.
  - not being a close family member of an executive or managing director or of persons in the situations described above.
- 2.3./2. Whenever legally required the Company should apply the criteria laid down in the relevant legislation of the Code on Companies.



## ***Appendix B : Transactions in shares and compliance with directives on insider dealing and market manipulation (Market abuse)***

- 3.7./1. The board shall draw up a set of rules (the “rules”) regulating the declaration and conduct obligations regarding transactions in shares or other financial instruments of the company (the “company stock”) carried out by directors and other designated persons for their own account. The rules should specify which information regarding those transactions should be disclosed to the market.
- 3.7./2. The board should also designate the other persons to whom these rules will apply.

## ***Appendix C : Audit Committee***

- 5.2./1. The board should set up an audit committee composed exclusively of non-executive directors. At least a majority of its members should be independent. The chairman of the board shall not be a member of the audit committee. The board should satisfy itself that the committee has sufficient relevant expertise to fulfill its role effectively, notably in financial and management matters.
- 5.2./2. The board should determine the role of the audit committee. The audit committee should report regularly to the board on the exercise of its duties, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.
- 5.2./3. Parent companies should ensure that the audit review and the reporting on that review cover the group as a whole.

### **Financial reporting**

- 5.2./4. The audit committee should monitor the integrity of the financial information provided by the company, in particular by reviewing the relevance and consistency of the accounting standards used by the company and its group. This includes the criteria for the consolidation of the accounts of companies in the group.

This review involves assessing the correctness, completeness and consistency of financial information.

The review should cover periodic information before it is made public. It should be based on an audit programme adopted by the committee.

- 5.2./5. Management should inform the audit committee of the methods used to account for significant and unusual transactions where the accounting treatment may be open to different approaches. In this respect, particular attention should be paid to both the existence of, and the justification for, any activity carried out by the company in offshore centres and/or through special purpose vehicles.
- 5.2./6. The committee should discuss significant financial reporting issues with both executive management and the external auditor.

## CORPORATE GOVERNANCE GUIDELINES FOR THE SIAT GROUP OF COMPANIES

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### **Internal controls and risk management**

- 5.2./7. At least once a year, the audit committee should review the internal control and risk management systems set up by executive management, with a view to ensuring that the main risks (including those relating to compliance with existing legislation and regulations) are properly identified, managed and disclosed.
- 5.2./8. The audit committee should review the statements included in the annual report on internal control and risk management.
- 5.2./9. The audit committee should review the specific arrangements made, by which staff of the company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. If deemed necessary, arrangements should be made for proportionate and independent investigation of such matters, for appropriate follow-up action and arrangements whereby staff can inform the chairman of the audit committee directly.

### **Internal audit process**

- 5.2./10. An independent internal audit function should be established, with resources and skills adapted to the company's nature, size and complexity. If the company does not have an internal audit function, the need for one should be reviewed at least annually.
- 5.2./11. The audit committee should review the internal auditor's work programme, having regard to the complementary roles of the internal and external audit functions. It should receive internal audit reports or a periodic summary thereof.
- 5.2./12. The audit committee should review the effectiveness of the internal audit. In particular, it should make recommendations on the selection, appointment, reappointment and removal of the head of internal audit and on the budget allocated to internal audit, and should monitor the responsiveness of management to the committee's findings and recommendations.

### **External audit process**

- 5.2./13. The audit committee should make recommendations to the board on the selection, appointment and reappointment of the external auditor and the terms of his or her engagement. In accordance with the Code on Companies, this proposal should be submitted to the shareholders for approval.
- 5.2./14. The audit committee should monitor the external auditor's independence. The committee should obtain a report from the external auditor describing all relationships between the independent auditor and the company and its group.
- 5.2./15. The audit committee should be informed of the external auditor's work programme. The committee should obtain timely information about any issues arising from the audit.
- 5.2./16. The audit committee should review the effectiveness of the external audit process, and the responsiveness of management to the recommendations made in the external auditor's management letter.
- 5.2./17. The audit committee should investigate the issues giving rise to the resignation of the external auditor, and should make recommendations as to any required action.



### **Operation of the audit committee**

- 5.2./18. The audit committee should meet at least twice a year. It should review annually its terms of reference and its own effectiveness and recommend any necessary changes to the board.
- 5.2./19. At least twice a year, the audit committee should meet the external and internal auditors, to discuss matters relating to its terms of reference and any issues arising from the audit process.
- 5.2./20. The audit committee should decide whether, and if so, when the CEO, the chief financial officer (or senior employees responsible for finance, accounting, and treasury matters), the internal auditor and the external auditor should attend its meetings. The committee should be entitled to meet with any relevant person without any executive manager present.

### **Review executive management performance**

- 5.2./21. At least once a year, the audit committee should review the executive management performance based on the performance criteria established and approved by the board.
- 5.2./22. The audit committee should review and consider proposals from executive management on human resources and organization in the light of current trends and company requirements and make appropriate policy recommendations to the board.

## ***Appendix D : Disclosure requirements***

[Numbers between brackets are references to the provisions of the Code.]

### **The CG Charter**

- 9.1./1. The CG Charter should at least include:

- ◎ a description of the governance structure of the company, with the terms of reference of the board [1.1.];
- ◎ the policy established by the board for transactions and other contractual relationships between the company, including its related companies, and its board members and executive managers, which are not covered by the legal provisions on conflicts of interest [3.6.] [6.6.];
- ◎ the measures taken by the company in order to comply with relevant existing legislation on insider dealing and market manipulation (market abuse) [3.7.] [6.7.] ;
- ◎ the terms of reference of each committee [5.1.];
- ◎ the terms of reference of executive management [6.1.];
- ◎ the general remuneration policy [8.2.];

- ◎ the shareholding and control structure of the company and any cross-shareholdings exceeding 5% of the shareholdings or voting rights, insofar as it is aware of them, and as soon as it has received the relevant information [9.4.];
- ◎ the identity of its major shareholders, with a description of their voting rights and special control rights, and, if they act in concert, a description of the key elements of existing shareholders' agreements [9.5.];
- ◎ any other direct and indirect relationships between the company and major shareholders [9.5.].

### The CG Chapter of the annual report

9.4./1. The CG chapter of the annual report should at least include:

- ◎ a list of the members of the board indicating which directors are independent [2.1.] [2.3.];
- ◎ a list of the members of the board committees [5.1.] [5.2.];
- ◎ a presentation of each new director including a justification when the director is deemed to be independent [2.3.];
- ◎ information on directors who have ceased to satisfy the requirements of independence [2.3.];
- ◎ an activity report on board and board committees meetings including the number of meetings and the individual attendance record of directors [2.7.];
- ◎ comments on the application of the policy established by the board for transactions and other contractual relationships between the company, including its related companies, and its board members and executive managers, which are not covered by the legal provisions on conflicts of interest [3.6.] [6.6.];
- ◎ comments on the application of the measures taken by the company in order to comply with the relevant legislation on insider dealing and market manipulation (market abuse) [3.7.] [6.7.];
- ◎ a list of the members of the executive management [6.2.];
- ◎ a list of major (having significant financial consequences) contracts between the company and any third party.

\* \* \*





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