

# **Bank Audi sae**

## **Corporate Governance Guidelines**

( aligned with the Group Corporate Governance Guidelines and the Corporate Governance local regulations )

Approved by the Board of Directors on 18/3/2013

Approved by the Board of Directors 9/3/2018

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## A. Preamble

In 2011, the Board of Bank Audi sae (the Bank) made corporate governance improvement a central goal. The Board adopted a program to this effect at the end of 2011. In 2013, the Board adopted a set of Guidelines to provide a framework for the Bank's corporate governance to be used by the Board and for the benefit of the Bank's shareholders and other stakeholders. Such a framework aimed at promoting continuity, consistency and effectiveness in the way the Board operates and governs the Bank. The Guidelines are based on international best practice and took into account, and were subordinate to Bank Audi sal-Audi Group Corporate Governance Guidelines, CBE Governance in Banks Regulations, legal requirements and By-Laws of the Bank.

Having revisited The Bank 2013 Corporate Governance Guidelines, notably in light of:

- The Principles for Enhancing Corporate Governance issued by the Basel Committee on Banking Supervision;
- The recent Governance related regulatory directives issued by the Central Bank of Egypt.
- Bank Audi sal - Audi Group updated Corporate Governance Guidelines.

The Board renewed its commitment to their fundamental principles and deemed them largely still relevant. A number of additions proposed, notably to further highlight (i) the Board's role in exerting a Risk Based supervision of the Bank's affairs, and (ii) the importance of the existence of robust internal controls.

## B. The Guidelines

1. The Mission of the Board: The responsibility of the Board is to ensure strategic direction, management supervision and adequate control of the company, with the ultimate goal of increasing the long-term value of the Bank.
2. The Main Tasks of the Board: In fulfilling its overall mission, the Board assumes the following tasks and responsibilities consistent with those set out in the By-laws of the Bank.
  - 2.1. Review and approve the strategic directives, multi-year business plan and annual budget of the Bank. Oversee management and provide guidance on the achievement of objectives set out in the business plan and budget.
  - 2.2. Ensure that the bank's risk management, compliance and internal control infrastructures keep pace with any changes to its risk profile (including its growth) and to the external risk landscape;
  - 2.3. Ensure that the risk management function, compliance function and internal audit function, have each sufficient authority, stature, independence, resources and access to the board or its relevant Committee;
  - 2.4. Assisted by the Corporate Governance and Nomination committee ensure that the Board's composition, structure, policies and processes meet all relevant legal and regulatory requirements and strive to achieve global corporate governance best practice standards in the Bank. To this effect, approve and regularly review these Guidelines, Chart of Authorities and Delegation of Powers to Management, Committees' charters and practices; and, when necessary, the By-laws and propose amendments to the General Meeting of Shareholders.

- 2.5. Ensure that the Bank follows the spirit of these Guidelines and that appropriate policies to this effect are put in place.
- 2.6. Assisted by the Remuneration Committee, maintain policies (including a written Compensation and Benefits Policy) to attract, retain, develop and motivate executives and employees of high caliber and regularly review these policies in order to ensure their alignment with the Bank's strategy and development as well as with regulatory requirements;
- 2.7. Assisted by the Remuneration Committee, develop a culture of fairly evaluating effort and rewarding performance; and develop and maintain a coherent, ethical system of values and incentives for human resource development throughout the Bank;
- 2.8. Appoint, review the service contract and, when necessary, dismiss the CEO/MD.
- 2.9. The Board, on a recommendation of the Remuneration Committee, which should follow the annual evaluation of its Executive members by the Committee, and that of the CEO/MD by the non-executive session of the Board, should decide on the annual remuneration of its executive members for their executive functions.
- 2.10. Assisted by the Board's Audit Committee, ensure that the Bank has an effective system of internal control, including financial control; evaluate the internal control system on a yearly basis; ensure effective, independent external and internal audit functions and an effective legal and regulatory compliance function.
- 2.11. Assisted by the Board's Audit Committee, review and approve the Bank's consolidated financial statements; ensure the integrity of all financial and non-financial regular or ad hoc disclosures.
- 2.12. Assisted by the Board's Corporate Governance and Nomination Committee, ensure that the Bank has developed and maintains a high standard, functioning Code of Conduct for Bank employees.
- 2.13. Assisted by the Board's Risk Committee, (i) approve the Bank's Risk Policies and Risk Appetite at least annually, (ii) monitor Bank's risk profile for all types of risks; and (iii) oversee the management framework of the aforementioned risks and assess its effectiveness.
- 2.14. Assisted by the Board's Risk Committee, review and approve breaches or significant variations to policies, limits and delegations of authority where these have not been reviewed by the BoD or delegated to Committee by the BoD.
- 2.15. Assisted by the Board Audit Committee, discharge its functions and supervisory role with respect to fighting money laundering and terrorist financing and understanding the related risks, and take the appropriate decisions in this regard.
- 2.16. Review and approve major transactions, as defined in the Chart of Authorities and Delegation of Powers to Management, or other transactions of strategic importance that the CEO/MD submits for its approval. Review and approve major acquisitions by the Bank of stakes in other companies, other than for purely financial purposes.
- 2.17. Review and approve transactions between the Bank and Directors or other parties related to the Bank, according to these Guidelines, the By-laws and/or Bank's Code of Conduct and, where appropriate, seek approval from Shareholders and submit an annual report on Related Party Transactions to the Shareholders.
- 2.18. Approve the establishment and participation in charitable foundations, nonprofit associations and non-profit corporations by the Bank.
- 2.19. Decide on any other issue, as required by laws, regulations, and the By-laws of the Bank or considered by the Chairman of the Board to be of importance to the Bank.

## C. Authority of the Board

- 3.1. The Chairman or the CEO/MD of the Bank represent the Bank in all instances according to the Egyptian law and as stipulated in the Bank's article of association. The Board has ultimate power to decide on all issues of management, except those areas that are reserved by law or by the By-laws of the Bank to the authority of the Chairman or the CEO/MD of the Bank or the General Meeting of Shareholders.
- 3.2. The Board may decide to delegate part of its powers in specific areas to one or more of its members or to executives and staff of the Bank. It might also decide to delegate the right to the Chairman or to the CEO/MD to further confer delegated authorities to the staff of the Bank.
- 3.3. The above delegations and authorities should be clearly outlined in a Chart of Authorities and Delegation of Powers to Management, which is maintained by the Board. The Board should also maintain a schedule of Reserved Powers over which the Board retains full decision-making authority.

## D. The structure of the Board

- 4.1. Board size: The number of directors, which shall not exceed (12), with a minimum of (3) is decided upon by the General Meeting of Shareholders following a proposal by the board. The Board might decide not to fill any vacant post following a resignation, death or discharge of a director until the next General Meeting and as stipulated in the Article of Association.
- 4.2. Board composition: The Board should consist of qualified directors as defined in Section 6, distributed as follows:
  - 4.2.1. The majority of the Board should consist of Non-Executive Directors including the independent members, who are not involved in its day-to-day business.
  - 4.2.2. At least two members of the Board should be Independent Nonexecutive Directors as defined in 6.5.
  - 4.2.3. At least two members of the Board should be executive Directors
  - 4.2.4. The Board determines the status of each one of its directors.
- 4.3. Honorary Directors: The Board may, upon a proposal of the Chairman, appoint non-voting honorary directors who may participate in Board plenary or committee meetings. Honorary directors are appointed because of their long experience in the financial sector, their intimate long-standing knowledge of the Bank or their stature in the economy and society of Egypt
- 4.4. The role and responsibilities of the Chairman of the Bank: The Chairman shall be elected by the Board of Directors from among its members. The Chairman shall practice his responsibilities as determined and decided by the board of directors which include but not limited to the following : The Chairman
  - 4.4.1. Is responsible for leadership of the Board, ensuring the fulfilment of all of its tasks and responsibilities, the proper planning of its agenda, the effectiveness of its meetings and the efficient use of the Board's time.

- 4.4.2. Calls and presides over the meetings of the Board, approves the agendas and guides the Corporate Secretary on all matters relevant to the Board.
- 4.4.3. Is responsible for ensuring that the directors receive accurate, timely and clear information.
- 4.4.4. Facilitates the effective contribution of non-executive directors in particular.
- 4.4.5. Is available to shareholders as the representative of the Bank and its principal voice on all matters.
- 4.5. The Chairman shall propose to the Board the appointment of a Chief Executive Officer/ Managing Director, other than himself, who will assume the responsibility of managing the business and operations of the Bank with accountability to the Board.
- 4.6. Vice Chairman of the Board: A Non-Executive Vice Chairman will be appointed by the directors to chair meetings of the Board in the absence of the Chairman.
- 4.7. Board Committees: The Board should establish and maintain the following regular committees:
  - The Corporate Governance and Nomination Committee
  - The Remuneration Committee
  - The Audit Committee
  - The Risk Committee
  - The Executive Committee
- 4.7.1. The members of the committees and their Chairmen should be appointed by the Board.
- 4.7.2. Each committee shall have its own charter, which will be approved by the Board and annexed to these Guidelines.
- 4.7.3. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.
- 4.7.4. The Board may appoint members to an Advisory Board to assist the Board to develop the strategy of the Bank; and to bring an international perspective to specific issues of interest to the Bank. The Advisory Board shall meet twice a year with the Board. The Board will determine the terms of reference of the Advisory Board.

## 5. The functioning of the Board

### 5.1. Meetings:-

- 5.1.1. The Board shall meet once at least every two month, The Chairman may convene a meeting at his discretion. At least one third(1/3) of the Board members can request a meeting, in which case the Chairman should convene a meeting within ten(10)days from the date of the request, in case of emergency, notice period could be reduced to (48) hours.
- 5.1.2. The Board has the requisite quorum when one half plus one of the directors is present (or represented). Decisions are taken by majority of those participating.
- 5.1.3. The proceedings and decision of the Board and its Committees are recorded in its minutes, which can be filed in an electronic form. Minutes of every meeting should be distributed and approved at the Board's following meeting.

- 5.1.4. Participation at a meeting can take place by tele- or video-conference when directors participating in this manner have in parallel given general proxies to other members of the Board for voting purposes.
- 5.1.5. The Agenda of every Board meeting will be set by the Chairman in consultation with the CEO/MD and shall be promptly communicated to members of the Executive Committee.
- 5.1.6. At its first meeting of every calendar year, the Board should adopt a calendar of meetings and a rolling agenda for the next 12 months which properly fulfils its tasks and responsibilities and responding to all matters reserved for its decision.
- 5.1.7. Meetings shall be attended by the Corporate Secretary. The Chairman may invite other executives and external advisors to participate as required. The Chairman may at any time decide to close the Board meeting to any non-members.
- 5.1.8. Directors should receive adequate documentation for each item on the Board agenda. The agenda and the meeting documents should be distributed at least seven calendar days (but not less than five working days before the meeting). Distribution by electronic means is considered valid. In exceptional cases, the Chairman may submit the documents with shorter notice (48 hours) or without notice when pressing considerations so require.
- 5.2. The Board Retreat: Once a year, the Board should go on a retreat to review and discuss the Bank strategy, the business plan of the Bank and its implementation. Key executives of the Bank and advisors may be invited to the retreat. Outside experts on specific issues might also be invited to make presentations. The Chairman, in consultation with the CEO/MD, is responsible for the agenda of the retreat.
- 5.3. Board Budget: At the end of each calendar year, the Board approves a budget for the following year to support its work and that of its Committees.
  - 5.3.1. The budget should have specific allocations for the Board and for each Board Committee.
  - 5.3.2. Commitments on these allocations are approved, as appropriate, by the Chairman of the Board or the Chairman of each Committee.
  - 5.3.3. The budget can be used to:
    - 5.3.3.1. Engage such independent legal, financial or other advisors as the Board or its Committees deem appropriate, without consulting or obtaining the approval of any officer of the Bank, with respect to any matters subject to their respective authority.
    - 5.3.3.2. Support professional induction and development programs for Board members.
    - 5.3.3.3. Support any other activities that are essential to the effective discharge of the responsibilities of the Board or its Committees.
    - 5.3.3.4. The Corporate Secretary, under the supervision of the Chairman of the Bank, is responsible for preparing the yearly Board budget proposals to the Board. He is also responsible for monitoring its implementation and submits an annual report to the Board at the beginning of each calendar year.
- 5.4. Board Evaluation: The Board should conduct an annual Board performance evaluation for the board and its related committees, as well as for each BoD member him/herself on the basis of a methodology approved by the Board. The evaluation may be carried out by an outside consultant, in addition to the self-assessment evaluations stipulated by the Governance regulation.

- 5.5. The Corporate Secretary: The Corporate Secretary should be responsible for the effective functioning of, and support for, the Board and its related committees - as a one Unit -; for proper communication and information flow between the Board and the rest of the Bank; for ensuring that the Bank's corporate governance is properly documented and communicated to shareholders; for organizing General Meetings of shareholders and for ensuring that shareholders are adequately informed and facilitated in the exercise of their shareholder rights. The Corporate Secretary shall report directly to the Chairman.
- 5.6. The BoD session with the Senior Management: Periodically the BoD members should meet with the Senior management to discuss policies and review achievements of the bank's strategic objectives.
- 5.7. The BoD session with the Internal Audit: Periodically the BoD members should meet with the Internal Audit to discuss any issues regarding the internal Audit function of the Bank.
- 5.8. Non-executive session of the Board with the External Auditors: The Non-Executive Directors should meet at least once a year privately with the External Auditors, in the presence of the Head of Audit, and the Compliance Officer.
- 5.9. Non-executive session of the Board: The Non-Executive Directors should meet at least once a year privately with the Chairman to discuss the performance of the CEO/MD and any issues or concerns regarding the management of the Bank.

## **6. Director Qualifications and Independence**

- 6.1. Director qualifications: In order to be considered by the Board as a candidate for the Board's proposal to the AGM, a candidate should:
  - 6.1.1. Have a history that indicates he or she is committed to high ethical standards.
  - 6.1.2. Have a clear sense of the balance between the legitimate interests and concerns of all of the Bank's shareholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
  - 6.1.3. Have the willingness and intellectual authority to challenge management, while working constructively as part of a team in an environment of trust.
  - 6.1.4. Be ready to devote sufficient time and energy to discharging his or her duties as a director.
  - 6.1.5. Have skills, expertise and knowledge that complements those of the existing directors, taking into consideration the review of the Board's profile.
- 6.2. Prior to any nominations of directors being made to shareholders at the relevant Annual General Meeting, the Board should ensure that the new Board, as a collective body, would present the following profile:
  - 6.2.1. Superior knowledge of the financial industry, including individuals that have or have had leadership positions in financial institutions.
  - 6.2.2. Business, governmental, non-profit or professional experience, including individuals that are serving or have served as Chairmen, Chief Executive Officers or senior managers of large organizations and have a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
  - 6.2.3. Adequate understanding of the Bank's client universe and of the main markets in which the Bank is active.
  - 6.2.4. International and regional (MENA) experience.

- 6.2.5. Financial expertise required to provide effective oversight of a diversified financial services business.
- 6.3. Director incompatibilities: The following professional affiliations are incompatible with the position of a Board Director:
  - 6.3.1. An executive, board member or employee or any other affiliation that implies a duty of loyalty to one of the Bank's competitors or any other institution whose interests might conflict as a matter of course with the interests of the Bank and its shareholders.
  - 6.3.2. A consultant or external advisor to the Bank or an employee or partner of a firm that is consulting or advising the Bank, including its external auditor.
  - 6.3.3. An executive, board member or employee to one of the Banks whose operating in Egypt under the Central Bank of Egypt Supervision.
- 6.4. Definition of non-executive Director: In order to be considered a non-executive director by the Board, a director should:
  - 6.4.1. Not be providing, and not have provided over the three years preceding his appointment, advisory services to the Executive Management.
  - 6.4.2. He/she is earning from the bank any kind of salary or fund other than his/her allowances as a Board member.
- 6.5. Definition of director independence: In order to be considered an independent nonexecutive director by the Board, a director should conform to the definition of a Nonexecutive Director as per section 6.4 above, and should have no relationship with the Bank that would interfere with the exercise of independent judgment in carrying out responsibilities as a director. Such a relationship should be assumed to exist when a director:
  - 6.5.1. Is him/her self or in conjunction with any of his/her affiliates a significant client of the Bank. A significant client is considered to be one who is among the top 10 clients of the Bank or any of its affiliated companies, in terms of either total value of credit outstanding, deposits or fees paid during the previous calendar year.
  - 6.5.2. Is him/her self or in conjunction with any of his/her affiliates a significant supplier of the Bank, having supplied to the bank services or goods worth more than EGP 25MM over the preceding 3 calendar years.
  - 6.5.3. He/she or his/her affiliates have been over the 3 years preceding his appointment a partner or an employee of the Bank's external auditor.
  - 6.5.4. He/she was employed for the Bank or any of its related parties over the 3 years preceding his/her appointment.
  - 6.5.5. He/she are in conjunction - up to the fourth degree - to any of the Board members, or the Bank's Senior Management and/or their related parties.
  - 6.5.6. He/she is earning from the bank any kind of salary or fund other than his/her allowances as a Board member.
  - 6.5.7. He/she is BoD member for a period exceeded six consecutive years.
  - 6.5.8. For the purposes of interpreting items 6.5.4 to 6.5.7, an affiliate of a director is, as the case may be: (a) any immediate relative up to fourth degree of kinship or spouse or (b) any commercial entity of which a director or its affiliates under (a) are Board members, senior executives or partners or of which they control directly or indirectly more than 10% of its decision making rights.



- 6.6. Director orientation and continuous education: The Bank should provide an orientation program for new Directors, which should include presentations by senior management on the Bank's business plan, its significant financial, accounting and risk management issues, its compliance function, its Code of Conduct and its management structure. The orientation program may also include visits to the Group Head office and Bank Audi sae Head Office. The Bank should also make available continuing education and development programs for all members of the Board. All new Directors should participate in the orientation program.
7. **Direction Nomination and Election:** The Corporate Governance and Nomination Committee of the Board should develop and manage a process for the nomination of directors to be proposed to the General Meeting of Shareholders by the Board.
- 7.1. Individual election of directors by the General Meeting of Shareholders: Shareholders may freely nominate additional candidates. Executive Directors are elected for a term of three years and can be re-elected for an indefinite number of terms. As for Non-executive Directors, they may be elected for two terms with a maximum of 6 years; otherwise, good justification should be disclosed to the Central Bank of Egypt. Independent Directors shall not be elected as independent members for more than two terms with a maximum of 6 years otherwise to be considered as Non-executive Directors and good justification should be disclosed to the Central Bank of Egypt.
8. **Directors' Rights and Duties Rights**
- 8.1. The Right to be informed:
- 8.1.1. In addition to reviewing quarterly results before their publication, directors should receive and review on a quarterly basis a set of key performance indicators relevant to the achievement of business plan and annual budget targets. These indicators are approved by the Board at its annual strategy retreat. Directors should also receive on a quarterly basis a selection of international analyst reports covering the Bank.
- 8.1.2. In addition to information regularly received by the Board, directors should be able to access any Bank information, records, and books through the Chairman.
- 8.1.3. In the course of fulfilling their duties, and in order to seek information and advice, directors should have access to any member of senior management of the Bank through the Chairman.
- 8.2. The right of access to the Agenda: Any member of the Board may request that the Chairman include one or more items on the next Board meeting Agenda.
- 8.3. The right to be adequately insured: Directors should be adequately covered against legal or other risks in conjunction with their duties at Bank Audi sae at the cost of the Bank.
- 8.4. The right to record disagreement : Directors should have the right to express disagreement with a decision of the Board in writing and to record their opinion in the minutes.
- 8.5. The right to keep personal data private: Directors should have a right to have all their disclosures to the Board, its Committees or the Bank that are not already a matter of public record remain confidential, unless the release of such information is required by law, the Bank's By-laws, these present Guidelines or specific Bank policies approved by the Board.

## Duties

- 8.6. Ethics and reputation: Directors should uphold the highest ethical standards and maintain an impeccable reputation. Any issue that can impact on their reputation and trustworthiness in any country where the Bank is active should be reported to the Chairman of the Bank.
- 8.7. Compliance: Directors should undertake to comply with all laws and regulations in all aspects of their public and private lives. Any ongoing litigation in which they are involved or real risk thereof should be reported to the Chairman of the Bank.
- 8.8. Regular Attendance: The Chairman, through the Corporate Secretary, should monitor attendance at every meeting. Individual attendance should be noted in the minutes. The BoD member should not be absent for more than one third (1/3) of the total BoD meetings held across the year. If happened, consequently Chairman should notify the General Assembly to take the appropriate actions. Some Directors - including the Chairman or his deputy - shall be required to attend the General Meeting of Shareholders.
- 8.9. Diligence and care: Directors should apply the level of care and diligence that can reasonably be expected from a Director in this position.
- 8.10. Protection and use of Bank assets: All directors should endeavor to protect the Bank's assets and ensure their efficient use. All Bank assets must be used for legitimate business purposes.
- 8.11. Fair dealing and equal treatment: Directors should deal fairly with all of the Bank's employees, suppliers, clients and competitors. Directors should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. All business relationships, lending relationships, deposit and other banking relationships between the Bank and a director or his/her affiliates should be made in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons.
- 8.12. Communications. The Chairman, CEO/MD and senior management should speak for the Bank. Other non executive directors may, from time to time, meet or otherwise communicate with various constituencies with the agreement of the Chairman.
- 8.13. Confidentiality: Directors must maintain strict confidentiality of all information concerning the Bank, that has not been disclosed by the Bank, and they have the duty not to disclose any information, data, reports or background information which comes to their knowledge in the course of their duties, as long as this information has not otherwise become public. This obligation shall continue once a director has left the Board.
- 8.14. Conflicts of interest and related party transactions:
  - 8.14.1. Directors have a duty of loyalty to the Bank. They should strive to avoid conflicts of interests with the Bank. In particular:
    - 8.14.1.1. Directors should not take for themselves personally opportunities or potential opportunities that are discovered through the use of corporate property, information or position without the consent of the Board. Directors should advance the Bank's legitimate interests when the opportunity to do so arises.
    - 8.14.1.2. Directors must not during their tenure become an executive, Board member or employee or otherwise assume a position which implies a duty of loyalty to one of

the Bank's competitors, or to other institutions whose interests might conflict as a matter of course with the interests of the Bank or its shareholders. If they choose to do so, they should concurrently submit their resignation from the Board.

8.14.1.3. Directors or their affiliates are strictly prohibited from using any information they obtain in the course of their duties in order to trade in Audi shares.

8.14.1.4. Directors should disclose annually to the Corporate Secretary their main professional affiliations and engagements, including responsibilities in non-profit organizations. Directors have an obligation to disclose to the Corporate Secretary on a timely basis any changes to the above as well as any other event that might put them in a conflict situation with the Bank or may alter their status as non-executive or independent directors.

8.14.2. Prior to their approval by shareholders in the cases where this is required by law, all transactions between the Bank and a director or his/her affiliates that do not fall within the normal course of banking business or are substantially different from those prevailing at the time for comparable transactions with non-affiliated persons should be approved by the Board. Directors shall disclose to the Board any such transaction on a timely basis.

8.14.3. Directors have a duty to disclose in advance to the Chairman any share dealings in shares and derivatives of the Bank and its affiliates according to the provisions of the relevant legal requirements and the Bank's By-law. The Chairman has to disclose any such dealings to the Vice-Chairman.

8.14.4. Directors should excuse themselves from any discussion, and should not participate in a decision, on any issue on which they have an actual or potential conflict of interest. When in doubt, they should consult with the Chairman or the Corporate Secretary.

8.14.5. The Chairman may ask one or more directors to abstain from the discussion and decision if he/she considers that on there is a conflict of interest on the specific topic.

8.14.6. Competing engagements: Directors should not sit on more than four other Boards of companies that are either publicly listed or are not part of the Audi Group. Private companies within the group of companies in which a non-executive director serves in an executive function are not included in the calculation of the above threshold.

## **9. Retirement Age:**

9.1. Executive and non-executive directors that reach the age of 75 will retire from the Board. There is no age limit for founding directors or honorary directors.

9.2. Executives resign upon retirement: All executive or employee members of the Board should resign upon their retirement or departure from Bank.

## 10. Relationship with Shareholders:

- 10.1. Agenda: The Board decides the issues that will be put on the agenda of the General Meeting of Shareholders. Shareholders should receive all adequate documentation and other information regarding all agenda items at the time the agenda is published.
- 10.2. Shareholder participation: The Board should facilitate the participation of shareholders and ensure informed shareholder decision making at the General Meeting of Shareholders. To this effect, the Corporate Secretary develops and maintains procedures for the organization of the AGM, for the approval of the Board.
- 10.3. Stock-related executive remuneration: The General meeting of Shareholders approves all stock-related executive compensation plans. The Board, assisted by its Remuneration Committee submits a proposal to this effect. The main elements of every plan should be made available to shareholders at the time of the publication of the General Meeting agenda.
- 10.4. Annual Corporate Governance Report: At the time of the publication of the agenda of the Annual General meeting, the Bank should publish an Annual Corporate Governance Report to the shareholders. The Corporate Governance Unit should be responsible for drafting the Report, which is approved by the Board. The Report should contain the following main elements:
  - 10.4.1. The composition of the Board, highlighting changes in composition during the year
  - 10.4.2. Biographies of all Board members including their status, number of years on the Board, membership on other Boards.
  - 10.4.3. Membership of all Board Committees.
  - 10.4.4. The number of Audi shares owned by the each director.
  - 10.4.5. The number of meetings (including non-executive director meetings) and attendance levels of the Board and its Committees.
  - 10.4.6. A summary of the activities of the Board and its Committees during the year
  - 10.4.7. Any significant changes in the governance structure that occurred during the year
  - 10.4.8. The existence and term of service contracts for executive members of the Board and members of the Bank Executive Committee.
  - 10.4.9. Approval of any related party transactions by the Board.
  - 10.4.10. The names of outside advisors retained by the Board during the year.

## E. Implementation and Review

1. **Senior Agreement and Letter of Appointment:** Upon their appointment, all directors receive and countersign a Service Agreement or a Letter of Appointment, which highlights their responsibilities, rights and duties including their duty to follow these Guidelines.
2. **Review and amendments:** The present Guidelines are reviewed annually by the Board along with the other elements of the Bank's corporate governance framework. The Board might, at its own initiative, adopt amendments to the present Guidelines at any time.