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**Ministry of Industry and Commerce**

**Decision No. (91) of 2022 amending Some Provisions of the Corporate Management and Governance Charter promulgated by Decision No. (19) of 2018**

Minister of Industry and Commerce:

Having reviewed the Commercial Companies Law promulgated by Legislative Decree No. (21) of 2001, as amended, and its Implementing Regulation promulgated by Decision No. (6) of 2002 as amended;

Corporate Management and Governance Charter promulgated by Decision No. (19) of 2018;

And Decision No. (63) of 2021 regarding Measures of Meetings by Electronic Means and the Conditions and Controls of the Electronic Voting System in the General Assembly of the Joint-Stock Company;

And upon the submission of the Undersecretary of the Ministry,

**Hereby Decides:**

**Article One**

Paragraph (Ninth) of the Section Two of Chapter One, Sub-clause (1) of Clause (a) of Paragraph (First) of the first principle of the Section Two of Chapter Two, Clause (a) of Paragraph (Fourth) of the second principle of the Section Two of Chapter Two, Introduction of Paragraph (First) of the third principle of the Section Three of Chapter Two, Clause (a) of Paragraph (Second) of the fourth principle of the Section Four of Chapter Two, Introduction of Paragraph (Second) of the seventh principle of Section Seven of Chapter Two, Clause (c) of Paragraph (Second) of the seventh principle of Section Seven of Chapter Two, Clauses (e) and (f) of the first paragraph of the tenth principle of the Section Ten of Chapter Two, Sub-clause (2) of Clause (a) of paragraph (Second) of the tenth principle of the Section Ten of Chapter Two shall be replaced with the following texts:

**Paragraph (Ninth) of the Section Two of Chapter One:**

**Ninth:** Document Keeping:

The company shall keep all records, minutes, paper and electronic documents, reports, and other documents required to be kept under the Charter at the company's main headquarters for a period of no less than ten years, including meeting minutes, board of directors' reports, committee reports, and governance reports.

Without affecting the period mentioned in the first paragraph, the company shall keep such records, minutes, documents, reports, or documents related to legal proceedings, claims, or ongoing investigative procedures until the conclusion of these procedures.

**Sub-clause (1) of Clause (a) of Paragraph (First) of the first principle of the Section Two of Chapter Two:**

1- The company shall have a board of directors consisting of not less than five members for public joint-stock companies, and not less than three members for closed joint-stock companies.  Among the board members, there shall be individuals with expertise, allowing other members to benefit from their experiences and insights.  In all cases, the number of board members shall not exceed fifteen.

Representation of women within the composition of the board of directors of public joint-stock companies shall be considered. The company shall disclose board membership statistics in its annual corporate governance report, categorized by gender.

**Clause (a) of Paragraph (Fourth) of the second principle of the Section Two of Chapter Two:**

a- Every official in the company and every member of its board of directors shall disclose any shared or conflicting interests with regards to matters presented to the board for a decision. They shall disclose this to the board and provide evidence of it in the minutes of the session. They shall not be permitted to participate in discussions, attend meetings, engage in debates, or vote on resolutions concerning such transactions. The disclosure encompasses the essence of the transaction and its impact on the integrity of the company's decisions and transactions, beyond mere legal formalities.

Furthermore, no company official or board member shall be allowed to have any direct or indirect personal interest in contracts and transactions in which the company is a party, unless approved by the board of directors. If the member of the board of directors fails to disclose to the board and the terms of the contract or transaction are unfair or detrimental to shareholders' interests, the company or any of its shareholders may apply to the competent court to invalidate the contract or transaction. The non-compliant member may also be compelled to return any profit or benefit gained from the contract to the company.

**Introduction of Paragraph (First) of the third principle of the Section Three of Chapter Two:**

The board of directors shall establish an (Audit Committee), composed entirely of its members, for public joint-stock companies. The committee shall consist of at least three members, with a majority being independent board members. The committee's president shall be an independent board member. In closed joint-stock companies, it shall be permissible to appoint one or more committee members from independent board members or individuals outside the company, if there is an insufficient number of independent board members available.

**Clause (a) of Paragraph (Second) of the fourth principle of the Section Four of Chapter Two:**

A- Nominations submitted by the board of directors to shareholders for the election or re-election of board members shall be accompanied by a recommendation from the board and a summary from the Nomination Committee regarding these nominations.

The company shall provide the following information about each candidate for board membership on its website or send it personally to shareholders through any approved means, starting from the date of the invitation to the general assembly meeting. This information shall also be included in the company's annual report, in addition to the following details:

1- The term of membership, which shall not exceed three years, and there is no restriction on re-election for another term.

2- Curriculum vitae, including academic and professional qualifications.

3- A statement that the board has determined that the criteria provided for in Annex (1) of the Charter annexes have been fulfilled for the independent board member.

4- Disclosure of the names of companies and institutions in which the candidate works or holds board memberships.

5- Any work carried out directly or indirectly that constitutes competition with the company.

6- Details of other positions held by the candidate that require a significant amount of time.

7- Details of the relationship between the candidate and the company, and between the candidate and other members of the company's board of directors.

8- Any other information determined by the implementing regulation.

**Introduction of Paragraph (Second) of the seventh principle of Section Seven of Chapter Two:**

The Board of Directors shall take into account the requirements of the Commercial Companies Law and its Implementing Regulation regarding the holding of general meetings of shareholders. In organizing these meetings, the company shall take into account the following:

**Clause (c) of Paragraph (Second) of the seventh principle of Section Seven of Chapter Two:**

C- The company shall provide an equal opportunity for all shareholders to vote, without discrimination, and inform them of all the rules governing the voting procedures and the information related to the voting rights on a regular basis. It shall avoid implementing any procedure that obstructs the exercise of this right. General assembly meetings for shareholders can be held and shareholders can participate in discussions and vote on resolutions through electronic voting systems and modern technology, in accordance with the regulatory provisions provided for in the Commercial Companies Law, its implementing regulation, and the decisions regulating this matter. The invitation to the general assembly meeting shall include the right for a shareholder to delegate another person, whether a shareholder or not, to attend the meeting on their behalf, along with the necessary form intended for that purpose attached to the invitation. The representative shall be treated in discussions and voting as if they were the original shareholder. The proxy shall also cover all items on the meeting's agenda and determine whether the shareholder's vote is for (yes), (no), or (abstain).

**Clauses (e) and (f) of the first paragraph of the tenth principle of the Section Ten of Chapter Two:**

e) The External Auditor shall be appointed for one fiscal year to be renewed for similar periods, provided that it does not exceed five consecutive fiscal years, and may not be reappointed thereafter until two fiscal years have elapsed.

f) The partner responsible for the audit of the accounts of the Company shall be changed at the latest every three years.

**Sub-clause (2) of Clause (a) of paragraph (Second) of the tenth principle of the Section Ten of Chapter Two:**

2) Ensuring that the company complies with the regulatory requirements for governance, taking into account the principle of compliance or clarification.

The auditor shall record the foregoing in a special paragraph within his professional opinion in all financial reports or letters signed and stamped issued by him regarding the financial situation of the company, as the case may be.

**Article Two**

The introduction of paragraph (Second) of Annex No. (2), and Clauses (l) and (o) of paragraph (Second) of Annex No. (5) of the Annexes of the Charter of Corporate Management and Governance Charter promulgated by Decision No. (19) of 2018, shall be replaced with the following texts:

**Introduction of Paragraph (Second) of Annex No. (2) of the Charter Annexes:**

**Second:** Membership of the Committee and Qualifications of its Members:

The Committee shall consist of at least three members, and it shall be formed entirely from among the members of the Board of Directors for public joint-stock companies. The majority of Committee members, including the President, shall be independent members according to the criteria stated in Annex (1) of the Charter Annexes. These members shall not have any conflicts of interest with any other duties they have towards the company. For closed joint-stock companies, Committee members shall be non-executive if the Board of Directors wishes to appoint non-Board members as experts in the Committee.

The Board shall ensure that the majority of Committee members possess the suitable financial competence and experience that enables them to:

**Clauses (l) and (o) of Paragraph (Second) of Annex No. (5) of the Annexes of the Charter:**

l- The company's annual governance report shall disclose the total compensation, fees and privileges disbursed to the Chairman and members of the Board of Directors for the relevant year.

In the annual report of the Board of Directors to the General Assembly, a comprehensive statement shall be provided for each individual President and Board member separately, outlining all compensation received during the financial year. This shall include any benefits, advantages, profit shares, attendance allowances, representation allowances, expenses, and other elements, as well as a statement of what they received as employees, executives, artistic, administrative, consultative, or any other roles. This is in accordance with the templates prepared by the Ministry.

o- The company's annual governance report shall disclose the total compensation received by the executive management members of the company.

In the annual report of the Board of Directors to the General Assembly, a statement shall be provided outlining the total compensation received by the executive management members of the company. This shall include all members who have received the top six compensations during the financial year, including salaries, benefits, privileges, shares, and profit shares. This should include the Chief Executive Officer and the highest-ranking financial officer of the company under all circumstances and this shall be done in accordance with the forms prepared by the Ministry for this purpose.

**Article Three**

A new Paragraph No. (Tenth) shall be added to the Section Two of Chapter One, and a new Paragraph No. (Fifth) shall be added to the seventh principle of the Section Seven of Chapter Two of the Charter of Corporate Management and Governance Charter promulgated by Decision No. (19) of 2018 with the following texts:

**Paragraph No. (Tenth) of the Section Two of Chapter One:**

**Tenth:** Violation of the provisions of the Charter:

Whoever violates the provisions of this Charter shall be punished with the penalties provided for for in Article (362 bis) of the Commercial Companies Law.

**Paragraph No. (Fifth) of the seventh principle of the Section Seven of Chapter Two:**

Fifth: Shareholder’s Rights:

a- All issued shares of the company of the same class shall be equal in rights, benefits and obligations.

b- Shareholders shall be granted all rights associated with the share in accordance with the provisions of the Commercial Companies Law, especially the following:

1- Receiving their share of net profits that are determined to be distributed in cash or by issuing shares.

2- Receiving their share of all company funds and assets upon liquidation.

3- Participating in the management of the company, including attending ordinary and extraordinary general assembly meetings, participating in deliberations and voting on resolutions according to the company's regulations.

4- Exercising ownership rights over the shares they own and having priority in subscribing to new shares, all in accordance with the provisions of the Commercial Companies Law, and considering the rules, conditions, and procedures governing acquisition and merger operations issued by the Minister concerned with Commerce Affairs.

5- Accessing the company's records, books, and documents in a manner that does not harm the company's interests, financial position, or third parties. This shall not conflict with the Commercial Companies Law and its implementing regulation.

6- Receiving a printed booklet containing the budget for the past fiscal year, profit and loss accounts, reports of the Board of Directors, and auditors' reports.

7- Holding members of the Board of Directors accountable and filing claims against them, challenging the invalidity of any decision issued by the company's general assembly or the Board of Directors that violates the Commercial Companies Law, the company's articles of incorporation, or its statute all of this subject to the conditions and restrictions set fourth in the Commercial Companies Law.

8- A shareholder who files a lawsuit against the company, its president, a Board member, or its executive management before the competent court may request the following from the defendant:

a) Presenting the information upon which the defendant relies in their defence before the court, as well as presenting information that directly substantiates specific facts in the claim filed by the shareholder with the court, along with any relevant information related to the lawsuit.

b) Providing any documents or categories thereof that are relevant to the lawsuit without the need to specify each document individually, and the shareholder may request others to provide them.

9 - Nominating members of the Board of Directors.

**Article Four**

A new Clause No. (q) shall be added to Paragraph (Second) of Annex No. (5) of the Charter of Corporate Management and Governance promulgated by Decision No. (19) of 2018 with the following texts:

q- A statement of membership statistics by gender in the Board of Directors, including the representation ratio of both genders in the Board of Directors for each fiscal year (In case of absence of representation for either gender in the Board, whether for women or men, please mention that there is no representation).

**Article Five**

The Undersecretary of the Ministry and those concerned - each within his jurisdiction - shall implement the provisions of this Decision, and it shall come into force the day following the date of its publication in the Official Gazette.

**Minister of Industry and Commerce**

**Zayed bin Rashid Al Zayani**

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