

Policies and Procedures

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Subsection	Governance and Organization	Authorizing Entity	Board of Governance
Responsible Office	President's Office	Effective Date	03 November 2022
Distributed To	Board of Governance Members, Secretary of the Boards	Next Review Date	2 years after the effective date

1.0 Introduction

- 1.1 AUBH Management W.L.L. (AUBH or the University) is operating as a higher education institution under a license from the Higher Education Council (HEC) of the Kingdom of Bahrain. The University is licensed to operate under the name “American University of Bahrain”.
- 1.2 AUBH is wholly owned by Cayman Island registered “AUBH Holding Company Limited” (the Shareholder) and is a privately owned and financed higher education institution.
- 1.3 AUBH and the Shareholder are committed to the highest standards of institutional governance and believe that these standards are intrinsic to delivering value to the University’s stakeholders and furthering the interests of AUBH.
- 1.4 The institutional governance function at AUBH is carried out through a single pool of governors (Governors) organized as a two-board structure that includes a Board of Directors (BOD) and a Board of Trustees (BOT), collectively referred to as the Governing Boards. The members of each of the Governing Boards act in a coordinated manner to jointly further the interests of the University and its stakeholders.
- 1.5 This document sets out the institutional governance guidelines (Guidelines) applicable to both Governing Boards of the University and their members.

2.0 The Governing Boards

- 2.1 The Governing Boards and each Governor are responsible, both individually and collectively, for achieving the University’s objectives and purposes.
- 2.2 The membership of each of the Governing Boards shall include persons with appropriate experience and the skills necessary to perform the duties and responsibilities of the Governors, as outlined in the respective charters of each Governing Board.
- 2.3 All Governors shall understand the duties and responsibilities of the Governing Boards, and any other laws or regulations that may govern their responsibilities from time to time. The Governing Boards’

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respective duties and responsibilities shall be further delineated in the charter of each Governing Board.

- 2.4 The Governing Boards shall conduct their meetings in compliance with their respective charters and these Guidelines.
- 2.5 The Governing Boards shall convene for a joint meeting no less than [two (2)] times annually in order to ensure ongoing alignment between all Governors on key matters. The agenda of such joint meetings shall include the following:
 - 2.5.1 review of the strategic plan of the University (Strategic Plan) and evaluation of the University's performance against the Strategic Plan (which shall include the mission, vision, and values, and the strategic and academic priorities and initiatives of the institution);
 - 2.5.2 review of the annual budget (Annual Budget) and long-term financial plan (LT Financial Plan) of the University, and evaluation of the University's performance against such budgets and long-term financial plans;
 - 2.5.3 review of the performance evaluation of the President of University;
 - 2.5.4 review of the performance evaluation of the Provost of the University; and
 - 2.5.5 review of the performance evaluations of each Governing Board and its committees.

The respective Chairmen of the Governing Boards shall jointly agree on the agenda and timing of such meetings in coordination with the President. The agenda may include such other matters as may be proposed by either Chairman, representing their respective Governing Board.

Duty of Loyalty and Due Care

- 2.6 The Governors, President, and all members of the executive management team shall have full loyalty to the University.
- 2.7 The Governors, President, and all members of the executive management team shall possess knowledge of the legal and regulatory frameworks within which the University operates and shall understand that he or she shall be personally accountable to the University and its Shareholder in case of a breach of duty of loyalty to the University. The duty of loyalty to the University requires each Governor and member of the executive management team to exercise his or her duties with honesty and integrity.
- 2.8 Each Governor shall exercise caution, due skill, care, and diligence in the performance of his or her duties and responsibilities and shall conduct his or her affairs in a manner that is designed to prevent any reputational or financial loss for the University.
- 2.9 While Governors are entitled to delegate their authorities for particular functions to the executive management and trust their competence and integrity to a reasonable extent, the exercise of power of delegation does not absolve a Governor from the duty to supervise the discharge of the delegated functions.
- 2.10 While Governors are entitled to delegate their authorities for particular functions to the executive management and trust their competence and integrity to a reasonable

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extent, the exercise of power of delegation does not absolve a Governor from the duty to supervise the discharge of the delegated functions.

Independence of the Governing Boards and their Committees

- 2.11 Each of the Governing Boards and their committees shall have a majority of independent members, and such independence shall be reviewed on an annual basis by the respective Governing Board.

Avoidance and Disclosure of Conflict of Interest

- 2.12 Each Governor and officer of AUBH must put the University's interest ahead of their own self-interests, not use their position or information that they obtain from the University for personal gain, maintain the confidentiality of information and not disclose it to any person or party.
- 2.13 Each Governor and officer of AUBH must make every practicable effort to arrange his or her personal and business affairs to avoid a conflict of interest with the University, and deal with such conflict in accordance with the University's internal policies and procedures.
- 2.14 The Governors and officers of AUBH are required to disclose any direct or indirect personal conflicts of interest. Each Governor and officer of AUBH shall inform the Governing Boards of any personal conflicts of interest immediately as they arise and abstain from participating in the deliberation, discussion or voting on the matter. Such conflicts of interest may arise not only as a result of a direct personal interest, but also indirectly as a result of the personal interests of a member of one's family or organizations affiliated with or connected to the Governor or officer in question.
- 2.15 The University shall be transparent with regard to dealings with related parties. The University shall disclose any related party transactions as part of the external auditor's report and additionally the Chairman of the BOD shall report such related party transactions to the Shareholder.

Fair Dealing

- 2.16 No Governor or officer of AUBH shall resort to unethical or illegal activities when conducting business on behalf of the University.
- 2.17 No Governor or officer of AUBH shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other improper dealing practices.

3.0 Decision Making Process

- 3.1 The Governing Boards shall be collegial and deliberative and shall conduct their meetings in a manner designed to benefit from each individual Governor's judgment and experience. The Chairman of each Governing Board shall play a role in this process by taking an active lead in promoting mutual trust,

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open discussion, and constructive feedback. Each Governor shall bring independent judgment to bear in decision-making.

- 3.2 The Chairman of each Governing Board shall ensure that all Governors receive an agenda, minutes of previous meetings, and adequate and timely background information in writing before each meeting and, when necessary, in between meetings.
- 3.3 A primary requirement of a Governor's duty of care is that the Governor study the materials carefully in advance of any meeting in order to prepare for active participation.
- 3.4 The frequency of meetings, attendance requirements, and decision-making procedures shall be set out in the respective charters of each Governing Body.

4.0 Access to Independent Advice

- 4.1 Each Governor shall have access to the Board Secretary (of their respective Governing Board) who has the responsibility for reporting on procedures relevant for each Governing Board.
- 4.2 The Governing Boards and their committees shall have the right, at any time, at the cost of the University, to retain independent external consultants, whether legal or other professional advisors, whenever any Governor judges this necessary to discharge his or her responsibilities as a Governor in accordance with the University's internal policies and procedures. Any such requests shall be arranged by the relevant Board Secretary upon the request by any Governor.

5.0 Confidential Information and Personal Data Protection

- 5.1 The Governors shall have access to non-public information about students, employees, strategies, internal affairs, policies and procedures, financial and investment related matters, and other proprietary information related to the University and its affairs (Confidential Information). All Governors are required to hold the Confidential Information in the strictest of confidence, and refrain from disclosing it to any person, except if such disclosure is required under applicable law or regulation.
- 5.2 Governors might also have access to personal data about students, faculty, and other employees or Governors of the University. Governors shall, at all times, adhere to the requirements of the Personal Data Protection Law (PDPL) in Bahrain.

6.0 Compliance with Laws, Rules, and Regulations

- 6.1 Governors shall comply with and oversee policies designed to promote compliance by employees, officers, and other Governors, with laws, rules, and regulations applicable to the University, and shall work within the scope of the powers vested to them by virtue of the University's Memorandum and Articles of Association, Governing Board Charters, and the delegation of authority limits framework (DAL) covering various financial, administrative, and other functional operations of the University.

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6.2 It is the responsibility of each Governor to ensure that he or she is aware of the laws and regulations relevant to his or her responsibilities and to comply with all such laws and regulations.

7.0 Committees of the Governing Boards

While the Governing Boards cannot delegate their ultimate decision-making authority, they have established standing committees to assist them in properly and efficiently performing their duties and responsibilities.

The membership of such committees shall be determined by each Governing Board in accordance with its respective charter and shall take into consideration the experience and knowledge of each member in the committee's area of responsibility. If deemed in the best interests of the University and considering the expertise required, membership on such committees shall not be limited to the members of the respective Governing Board and can include members from the larger pool of Governors (including those serving on another Governing Board) as well as external members.

7.1 Committees of the Board of Directors

The BOD has created an Audit and Risk Committee (ARC) and a Nomination, Remuneration, and Institutional Governance Committee (NRGC). These committees operate with authority delegated to them by the BOD in accordance with their respective charters, which shall be approved by the BOD at all times. All committees should meet regularly as specified in their respective charters (but no less than [two (2)] times annually) to fulfill their respective mandates and should keep comprehensive minutes of their discussions and decisions.

7.1.1 Audit and Risk Committee (ARC):

The Audit & Risk Committee of the BOD assists the BOD in ensuring and maintaining independent oversight of the University's financial reporting systems, internal control and risk management processes, audit functions, and legal and regulatory requirements. The ARC's main responsibilities include assisting the BOD in (a) identifying and managing principal financial and compliance risks; (b) approving the internal audit plan undertaken by the internal auditor; (c) assessing the independence, accountability and effectiveness of the external auditor; (d) reviewing and recommending the annual audited accounts to the BOD; (e) evaluating the adequacy and effectiveness of the University's procedures and systems including the management reporting processes; and (f) ensuring compliance with legal and regulatory requirements and internal policies.

The ARC shall have no less than three members, a majority of which shall be independent.

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7.1.2 Nomination, Remuneration, and Institutional Governance Committee (NRGC):

The NRGC of the BOD assists the BOD in ensuring and maintaining independent oversight of the nomination, compensation, organizational and institutional governance processes of the University. The NRGC's main responsibilities include assisting the BOD in (a) identifying and nominating individuals qualified to serve as members on the BOD and its committees; (b) reviewing recommendations made by the BOT on nominations in respect of its membership; (c) reviewing recommendations on nominations for the offices of President, Provost, and other key officers; (d) reviewing the organizational chart and management structure of the University; (e) evaluating the performance of the President, Provost, and other key officers; (f) recommending the remuneration and rewards policy for the President, Provost, and other key officers and employees; (g) supporting the BOD Chairman in the performance review of the BOD as a whole and each committee on an annual basis; (h) supporting the BOD Chairman in reviewing the independence of each member on an annual basis in light of interests disclosed by each of them; and (i) establishing the University's institutional governance framework. The committee is also responsible for monitoring the performance of the University's institutional governance framework and its compliance with applicable laws.

The NRGC shall have no less than three members, a majority of which shall be independent.

7.2 Committees of the Board of Trustees

The BOT has created an Academic and Student Affairs Committee (ASAC) and an Academic Governance Committee (AGC). These committees operate with authority delegated to them by the BOT in accordance with their respective charters which shall be recommended by the BOT for the approval of the BOD at all times. All committees should meet regularly as specified in their respective charters (but no less than [two (2)] times annually) to fulfil their respective mandates and keep comprehensive minutes of their discussions and decisions.

7.2.1 Academic & Student Affairs Committee (ASAC):

The Academic & Student Affairs Committee of the BOT assists the BOT in maintaining independent oversight of the academic programming and planning in addition to student development initiatives of the University. The ASAC's main responsibilities include (a) assisting the BOT in reviewing and recommending the Strategic Plan for the joint approval of the BOD; (b) overseeing the development of the Academic Plan; (c) monitoring the University's progress in delivering educationally effective teaching and learning; (d) assessing the proposed development of new academic programs and recommending the addition, termination, or amendment of any academic departments and programs for the joint approval of the BOD; (e) reviewing the University's process for regular program review, including the assessment of the effectiveness of academic departments and programs and the establishment of

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plans for the improvement of academic programs; and (f) reviewing student development and success strategies that impact the retention and persistence of students.

7.2.2 Academic Governance Committee (AGC):

The AGC of the BOT assists the BOT in maintaining independent oversight of the nomination and academic governance matters of the University. The GC's main responsibilities include (a) identifying and nominating individuals qualified to serve as members on the BOT and its committee; (b) reviewing recommendations on nominations for the offices of President and Provost; (c) evaluating the performance of the President and Provost; (d) supporting the BOT Chairman in the performance review of the BOT as a whole and each committee on an annual basis; (e) supporting the BOT Chairman in reviewing the independence of each member on an annual basis in light of interests disclosed by each of them; and (f) establishing the University's academic governance framework. The committee is also responsible for monitoring the performance of the University's academic governance framework and its compliance with established academic standards, quality assurance bodies, and accrediting agencies.

7.2.3 maintaining accurate and up-to-date records of all BOT meetings minutes, resolutions, submissions, and associated materials.

8.0 Evaluation of the Governing Boards and their Committees

- 8.1 Each Governing Board shall conduct an annual evaluation of its own performance and the performance of each of its committees.
- 8.2 The annual evaluation process shall be organized by the Chairman of each Governing Board with the assistance of their respective Governing Board Secretary.
- 8.3 The results of such evaluations will be reported to each Governing Board on an annual basis by the respective Chairman of each Governing Board and reviewed annually at a joint meeting of the Governing Boards.

POLICY HISTORY

Date of Last Action	Action Taken/Changes	Authorizing Entity	Effective Date