

## Policies and Procedures

Policy Title	Board of Directors Charter	Policy Number	103
Section	Governance, Organization, General Information	Approval Date	03 November 2022
Subsection	Governance and Organization	Authorizing Entity	Board of Governance
Responsible Office	President's Office	Effective Date	03 November 2022
Distributed To	Board of Directors 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 charter (the BOD Charter) specifically sets out the duties and responsibilities of the BOD of the University and the Governors who are its members (individually referred to as a Director and collectively referred to as the Directors) and should be read in conjunction with the University's other governance documents including the Institutional Governance Guidelines, the charter of the BOT, and the University's Memorandum and Articles of Association.

### 2.0 Duties and Responsibilities of the Board of Directors

The Directors shall be responsible, both individually and collectively, for achieving the University's objectives and purposes. The BOD shall act in accordance with the duties of care and loyalty described in this BOD Charter and will work to further the interests of AUBH and its stakeholders. The key duties and responsibilities of the BOD are as follows:

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### Financial Matters

- 2.1 approving and regularly reviewing the commercial, financial, and operational policies associated with the University's business performance and achievement of its financial objectives, which shall include ongoing financial sustainability and achievement of its strategic and financial plans, subject to those policies associated with the University's academic operations being recommended by and jointly approved with the BOT;
- 2.2 approving the annual budget (Annual Budget) and long-term financial plan (LT Financial Plan) of the University, and regularly reviewing the University's performance against such budgets and long-term financial plans;
- 2.3 approving the delegation of authority limits framework (DAL) covering various financial, administrative, and other functional operations in order to manage the University's operations efficiently, subject to those elements in the DAL associated with the University's academic operations being recommended by and jointly approved with the BOT;
- 2.4 determining the University's optimal capital structure, and approving any credit facilities or bank lines extended to the University (whether or not in the ordinary course of business) in accordance with the Memorandum and Articles of Association of AUBH and the DAL;
- 2.5 approving and monitoring the University's major capital expenditures and investment activities in accordance with the approved DAL;
- 2.6 approving of any un-budgeted expenditures in accordance with the approved DAL;
- 2.7 approving any sale, lease, exchange, or other disposal of any asset or group of similar assets owned by the University;
- 2.8 approving any scholarship or financial aid initiatives;
- 2.9 recommending at the beginning of each financial year for the Shareholder's approval an external auditor of international repute to audit the University's accounts;
- 2.10 ensuring that audited financial statements are prepared that accurately disclose the University's financial position, and presenting the annual audited financial statements to the Shareholder for approval;
- 2.11 recommending and presenting the Directors' Report for the financial year end to the Shareholder for approval;
- 2.12 setting up a mechanism to regulate transactions with related parties (if any) in order to minimize conflicts of interest and prevent abusive related party transactions, and to report such related party transactions to the Shareholder;

### Strategic Matters

- 2.13 jointly approving the strategic plan of the University (Strategic Plan) with the BOT as may be recommended by the BOT, which shall include the mission, vision, and values, and the strategic and academic priorities and initiatives of the institution;
- 2.14 jointly approving the addition, termination, or amendment of any academic program or college of the University with the BOT as may be recommended by the BOT;

### Risk & Internal Control Matters

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- 2.15 establishing and supervising the University's internal control and risk management systems by setting a risk framework covering risks that the University might face, and creating an environment of risk management awareness;
- 2.16 ensuring the integrity of the University's accounting and financial reporting systems, including that of the independent audit function;
- 2.17 ensuring that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with applicable laws and relevant standards;

### Organizational and Governance Matters

- 2.18 jointly approving the appointment or termination of the President of the University with the BOT and reviewing their performance on an annual basis;
- 2.19 jointly approving the appointment or termination of the Provost of the University with the BOT and reviewing their performance on an annual basis;
- 2.20 approving the appointment or termination of those other executive management positions directly reporting to the President including but not limited to the Chief Operating Officer (or most senior member of the operations team), and Chief Financial Officer (or most senior member of the finance team) and reviewing their performance evaluations as conducted by the President on an annual basis;
- 2.21 approving the human resources organizational chart and management structure of the University, including reporting lines across the organization;
- 2.22 approving and annually reviewing the succession plan for executive management positions including but not limited to the President and their direct reports;
- 2.23 monitoring the activities of the executive management and ensuring that the operations of the University run smoothly to achieve its objectives and that they do not conflict with the applicable laws and regulations that the University operates under;
- 2.24 determining the remuneration for members of the BOD and BOT (if any) and key executives including the President and their direct reports, and aligning them with the long-term interests and mission of the University in accordance with the provisions of the applicable laws and regulations;
- 2.25 forming specialized committees of the BOD, appointing their members, and approving their respective charters as may be required by the nature of the activities of the University; delegating certain responsibilities to such committees without abdicating its responsibility, which shall include at a minimum an Audit and Risk Committee (ARC) and a Nomination, Remuneration, and Institutional Governance Committee (NRGC);
- 2.26 reviewing the independence of each Director on an annual basis in light of interests disclosed by each of them;
- 2.27 reviewing the performance of the BOD and its committees on an annual basis;
- 2.28 identifying qualified individuals for nomination, and recommending the appointment and termination of the members of the BOD for the approval of the Shareholder;
- 2.29 recommending the appointment of the Chairman and Vice-Chairman of the BOD for the approval of the Shareholder;
- 2.30 approving the BOD Charter and the charter of any committees of the BOD;

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- 2.31 approving the appointment and termination of the members of the BOT as may be recommended by the BOT; and
- 2.32 approving the BOT Charter and the charter of any committees of the BOT as may be recommended by the BOT.

### 3.0 Composition and Appointment of the Board of Directors

- 3.1 The Board of Directors shall consist of seven (7) members, all of whom shall be appointed by the Shareholder.
- 3.2 A majority of the Directors shall be independent, and such independence shall be reviewed on an annual basis by the BOD.

### 4.0 Term of Appointment of the Board of Directors

- 4.1 Directors shall hold office for three (3) years once appointed and may be re-appointed for subsequent terms with no limits.

### 5.0 Resignation or Removal of Members of the Board of Directors

- 5.1 Any Director may resign upon giving written notice to the Chairman of the BOD, and such resignation shall be effective on the date of giving such written notice or such later date as may be specified in the written notice. In the event of a resignation, the Shareholder shall appoint a new Director to fill the vacant seat.
- 5.2 Any Director may be removed by the Shareholder in the following circumstances:
- 5.2.1 having been declared of unsound mind by a competent authority;
  - 5.2.2 having been convicted of a crime by a competent authority involving fraud, dishonesty, or breach of any statutory duty;
  - 5.2.3 disqualification or prohibition to serve as a Director of the University under any applicable law or regulation;
  - 5.2.4 missing three (3) consecutive meetings or after missing fifty per cent (50%) of the BOD meetings in the prior twelve (12) month period
  - 5.2.5 repeated failure or inability to substantially perform his or her duties;
  - 5.2.6 committing willful misconduct or gross negligence; and
  - 5.2.7 carrying out any activity that compromises the ability of the Director to effectively support the mission of the University or carry out the duties and obligations of a Director.

In the event of such a removal, the BOD shall nominate a new Director to fill the vacant seat for the approval of the Shareholder.

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### 6.0 Meetings and Resolutions of the Board of Directors

- 6.1 The BOD shall meet no less than [four (4)] times per year in order to properly carry out its duties and responsibilities. It is expected that the BOD will meet on a [quarterly] basis.
- 6.2 Meetings of the BOD shall be convened upon at least [fourteen (14)] days prior written notice by the Chairman or by any two Directors, setting out the agenda for the meeting in reasonable detail and attaching the relevant papers to be discussed at the meeting. The Directors may unanimously waive such notice requirement in writing.
- 6.3 In the event of an extraordinary meeting, it should be held within [three (3)] days from the date of receiving a substantiated request in writing from the Shareholder, at least three Directors, or the external auditor. The Directors may unanimously waive such notice requirement in writing.
- 6.4 The agenda for the meetings shall be set by the Chairman in consultation with the President. Each Director shall have the right to request from the Chairman to insert items which he or she wants discussed in the agenda of the next meeting.
- 6.5 The necessary quorum for passing any resolution or transacting any business shall be a simple majority of the Directors. If such quorum has not been achieved, then a meeting may be held but no resolution can be passed, and no formal action taken until a meeting with quorum is held and such matter is passed at that following meeting.
- 6.6 Directors may participate in any meeting through the use of telephone or video conference, provided that all members participating in the meeting can hear one another. Any Director participating by such means shall be considered present and counted towards quorum for that meeting.
- 6.7 All resolutions and decisions of the BOD will be based on a simple majority of votes of the members counted present at the meeting.
- 6.8 The BOD may approve resolutions by e-mail or physical circulation provided that such resolutions are unanimously approved by the Directors. Such resolutions adopted by circulation shall be ratified in the minutes of the next meeting of the BOD.

### 7.0 Chairman, Vice Chairman, and Secretary

- 7.1 The BOD shall elect amongst themselves a Chairman and Vice-Chairman for the BOD. Without prejudice to the role of the BOD, the Chairman shall:
  - 7.1.1 represent the University before others in matters relevant to the duties and responsibilities of the BOD;
  - 7.1.2 ensure that the Directors have access to the complete and accurate information in a timely manner and discuss each item in the agenda of the meeting;
  - 7.1.3 ensure effective communication between the Shareholder, the BOT, and the BOD as may be required from time to time; and
  - 7.1.4 prepare agendas for BOD meetings in consultation with the President and in coordination with the BOD Secretary.

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In the absence of the Chairman, the Vice-Chairman shall assume those duties.

7.2 The BOD shall appoint the secretary of the BOD (BOD Secretary) and determine his or her duties which shall include:

- 7.2.1 assisting the Chairman and the Directors in carrying out their duties;
- 7.2.2 acting as the secretary for the meetings of the BOD and its committees (unless otherwise set out in the committee charters); and
- 7.2.3 maintaining accurate and up-to-date records of all BOD meetings minutes, resolutions, submissions, and associated materials.

### 8.0 Directors' Liability

8.1 The Directors shall be liable to the University, Shareholder, and all third parties for any violation of the provisions of the University's Memorandum and Articles of Association.

8.2 The University shall maintain Directors and Officers insurance in such amounts as may be determined by the BOD.

### POLICY HISTORY

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