



GOVERNANCE IN PRIVATE COMPANIES IN LEBANON 10 RECOMMENDATIONS

Recommendation 1 : State of play of governance

Entrust an independent person mandated by the shareholders and the Board of directors, designated within the undertaking or outside, with the task of assessing the state of governance to identify the strengths and weaknesses of the organisation and of the principles applied to gather the views and expectations of all.

Recommendation 2: Powers

Ensure that the powers within the company are clearly identified and defined, with a balanced allocation between the shareholders, directors and managers to ensure that the corresponding responsibilities are well shouldered, particularly when it comes to setting strategic guidelines, implementing them and monitoring their application.

Recommendation 3: Family governance

When relevant, establish family governance that allows for, in a special and autonomous entity, free expression of everyone's expectations particularly the case in property matters. This will help avoiding confusion between the interests of individual family shareholders and the economic and financial interests of the company when they are debated in the Board.

Recommendation 4: Independent directors

Build a balanced Administrative Board with its share of independent directors, free of interest, with no relationship of any kind with the company, its management and its group that will allow through their competence and freedom of judgment the board to carry out its missions in complete objectivity. Like other directors, an independent director represents all shareholders and his decisions are taken within the general interest of the company.

Recommendation 5: Equality and diversity

Seek diversity in the composition of the Board of directors with complementary and diversified experiences and a balance between male and female members.

Entrust a Committee of Appointments the task of making proposals to the Board to change its structure over time and identify future directors. The directors must and foremost have integrity and competence; they should be active, present, involved and courageous.

Recommendation 6: Rights and duties of the Director

Establish the rules of operation of the Board of Directors and its possible Committees, for example in a “Rules of Procedure”, stating the rights and duties of directors in the framework of their duties and responsibilities.

Identify potential conflicts of interest in the framework of an annual statement of each of the directors on all of their activities and on their business relations. Ensure that the director shall not vote on decisions of the Board when he is proven to be in a situation of potential conflict of interests.

Recommendation 7: CEO or Chairman of the Board and General Manager

The Board of Directors must decide on the roles of the Chairman and the General Manager after discussing the pros and cons of each. In all cases, to specify the responsibility of the Chair in the preparation and organisation of meetings of the Board and his task of representation of the company towards stakeholders, as well as that of the Director General in his operational role of team building and performance in financial and economic activities.

Recommendation 8: Minutes of Meetings

Draft Minutes of Meeting at the end of each board meeting justifying the meeting and listing the directors present or represented, and any invitees, the agenda, the decisions taken and under which conditions. Formal approval is necessary and ensuring that over time the decisions taken and recorded are followed up upon by the Board.

Recommendation 9: Training of Directors

Provide Training to new directors on the activity of the company, its organisation, its history, its strategic guidelines and their application, the principles adopted in the framework of its economic and financial management and the level of its past and expected performance. Give directors, on a routine basis, the information they need to assess the strategy, results and performance of the business, to be able to discuss and make their decisions accordingly in full knowledge of the fact.

Recommendation 10: Evaluation of the operation of the Board

Improve the quality of work of the Board of Directors and its Committees regularly through the objective examination of their mode of operation, according to a formalised process. Devote a particular point on this issue in the agenda of the Board meeting and ensure implementation and follow-up of any potential progress considered and adopted by the Board.