GOVERNANCE CHARTER

Cyprus Telecommunications Authority

Cyta

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1. INTRODUCTION

1.1. Validity of the Charter

This Charter is issued as a general permanent order pursuant to the Telecommunications Service Law 1962, Cap. 302, as amended, and constitutes a self-regulatory document of the Authority, adopting and incorporating governance principles of the Public Governance Code and the International Corporate Governance Network (ICGN), to which relevant references are made throughout the document.

1.2. Definitions

In this Charter, unless the text requires otherwise:

i. Officials (of the Authority)	means the General Director/Chief Executive Officer, the Secretary and all Senior Managers of the Authority
ii. Authority	means the Cyprus Telecommunications Authority
iii. Management (of the Authority)	means the Officials of the Authority and all Directors of the Authority
iv. Stakeholders	means “stakeholders” as defined in accordance with Regulation 6
v. Personnel Regulations	means the General Personnel Regulations of the Cyprus Telecommunications Authority, as amended
vi. Charter	means this Governance Charter of the Authority and includes the plural form
vii. Member	means a Member of the Board of the Authority in accordance with the Law
viii. Law	means the Telecommunications Service Law 1962, Cap. 302 as amended
ix. Legislation	means the laws and regulations relating to the work and functions of the Authority as set out in paragraph 12 hereof
x. Body	means any body which makes decisions for the Authority in accordance with paragraph 2.7.1 hereof
xi. Policy	means any document including a Policy or Procedure
xii. policy	means any statement of policy (principle)
xiii. Board	means the Board of the Authority

1.3. Validity and Application of Other Regulations

1.3.1. All regulations, policies and general or special orders issued or approved by the Board shall constitute general or special permanent orders under Section 9 of the Law, but may also be referred to as the "policy", "regulation", "general order" or "special order".

1.3.2. It should be noted that no resolution of the Board may amend a Policy unless the resolution expressly refers to such amendment. In this context, recommendations made to the Board should be consistent with the Policies or, where they are not consistent, should make express reference to the deviation from the Policies.

2. GENERAL PROVISIONS

2.1 Name of the Authority

The official name of the Authority shall be the name specified in the Law, but for commercial purposes the Authority may be referred to by its trade name "CYTA" and such other trade names as may from time to time be determined by the Board of the Authority in consultation with the Management. The naming of sub-brands may also be determined by the Management. In such case the names shall be communicated to the Board for information.

2.2 Governance of the Authority

2.2.1 The governance of the Authority shall be covered by this Charter in respect of all matters not already provided for by any law or regulation relating to its operation.

2.2.2 In the event of a discrepancy between this Charter and any law or regulation, the relevant law or regulation shall prevail.

2.2.3 In the event of any doubt as to the interpretation of this Charter, the matter shall be finally decided by the Board.

2.2.4 If any matter relating to the governance of the Authority is not provided for in this Charter, any other law or any other regulation, policy, general or special permanent order under Section 9 of the Law, the matter may be decided by the Board.

2.3 Official Website

2.3.1 The Official Website of the Authority is www.cyta.com.cy but the Board may decide, after consultation with the Management, to add other additional web addresses to be used, provided that they are listed on the official website of the Authority.

2.3.2 The main obligations of transparency, reporting and communication with Stakeholders as set out in paragraph 6.2 shall be ensured through the official website of the Authority, unless otherwise provided for by the Law.

2.4 Duties of the Authority

2.4.1 The Authority has the following duties as derived from Sections 12 and 13 of the Law:

(a) to operate a good and adequate telecommunications service in the Republic for the Government, public organisations and the public in general, on such terms and conditions as the Authority may deem appropriate,

(b) to manage all plant and machinery which has been or may be acquired by the Authority under the provisions of the Law for the purposes set out in this section,

(c) to manage all the property of the Authority, subject to the provisions as aforesaid, as the Authority may deem appropriate,

(d) to promote the development of telecommunications services in accordance with recognised international standards and public requirements, so far as practicable,

(e) subject to the provisions of the Law or regulations made thereunder, the Authority shall, to the extent that it is able to do so and having regard to economic factors, either through such persons and on such terms and conditions as may be determined by regulations, provide telecommunications services with the necessary plant and machinery for use by any person (in this section referred to as the "subscriber") in any part of the Republic to enable the subscriber to communicate by means of the telecommunications services with any other person.

2.4.2 The Authority serves the public need, as defined by the Board, to adopt the best practices and recognised standards that correspond to the level of practice of international giants in the field of technology and telecommunications.

2.5 Powers of the Authority

2.5.1 The Authority has the following powers as derived from Sections 12(2), 12(3), 14, 15, 19, 29, 30, 31, 32 of the Law.

2.5.2 The Authority may, either on its own or through such persons and on such terms and conditions as may be prescribed by the regulations for that purpose, subject to the provisions of the Law:

(a) purchase, construct, reconstruct, install, maintain and manage plant and machinery and all buildings and factories used in connection therewith;

(b) sell, hire or otherwise supply plant and machinery, install, repair, maintain or move such plant and machinery; and

(c) carry out such other work or activities as may appear to the Authority to be necessary, advantageous or appropriate for or in connection with the performance of its duties under the Law or for the best use of its assets or for the purpose of providing an efficient telecommunications service.

2.5.3 For the purposes of the foregoing paragraphs, the Authority may further acquire, in accordance with the provisions of the Law, such property as the Authority may consider necessary or appropriate for the purpose of constructing, extending or maintaining any plant and machinery or otherwise carrying out its functions under this Law.

2.5.4 For the purpose of enabling the Authority to carry out its functions under this Law, the Authority may, with the consent of the Council of Ministers, borrow money by way of credit or otherwise and on such terms and conditions as the Council of Ministers may think fit.

2.5.5 The Authority may, for the purpose of raising money which it is authorised to borrow under Section 14 of the Law, issue debt securities or other securities which are hereinafter in the Law referred to as the "securities". All such securities and interest thereon shall be borne by the corporation and all revenues of the Authority. Subject to the provisions of the Law, securities created by the Authority under the powers of the Law shall be issued, transferred, administered and redeemed in accordance with the regulations made by the Council of Ministers.

2.5.6 Any funds of the Authority which are not required to be applied immediately to the discharge of its liabilities or to the performance of its duties may be invested in such securities as the Council of Ministers may approve.

The Authority may, by its decisions, fix and charge fees for the services it administers, subject to the provisions of any law relating to such fees and the statutory powers and authorities of any competent authority of the Republic relating to such fees.

2.5.7 The Authority may acquire immovable property for the purposes of any of its competencies under the Law, and if such property cannot be acquired by contract, it may be acquired under the provisions of the law for the time being in force relating to the compulsory acquisition of property for public benefit.

The Chairperson, or any person authorised in writing by the Chairperson for the purpose, may at all reasonable times enter any land and, subject to twenty-four hours written notice to the occupier thereof, enter any building and carry out any act or work therein which is reasonably necessary for the purpose of inspection, examination or investigation prior to or in connection with the exercise of any of the Authority's functions under the Law, provided that the Authority shall pay compensation for any damage caused by such entry or by the carrying out of the aforesaid act or work in accordance with the provisions of Section 33 of the Law.

2.5.8 (1) For the purpose of carrying out any work in connection with the telegraph lines or facilities of the Authority, the Chairperson or any person authorised by him/her in writing to do so may, subject to twenty-four hours written notice to the owner of the immovable property, enter such immovable property at all reasonable times and do all necessary work and in the course of such work may cut or trim trees, move plantations, fences, dry walls or other things as may be necessary for that purpose.

(2) In respect of any property destroyed or damaged in the exercise of the powers conferred by paragraph (1), compensation shall be paid to the owner in accordance with the provisions of Section 33 of the Law.

2.5.9 (1) For the purpose of carrying out any work in connection with the Authority's telegraph lines or facilities, the Chairperson or any person authorised by him/her in writing to do so may open and break up any road and lay any Authority's telegraph line or facilities on, over, along, through or under any road and, subject to twenty-four hours’ notice to the occupier of residential premises affected thereby, may for that purpose alter the position of any underground pipe (other than a main pipe) for the supply of water.

(2) Any road broken and opened under paragraph (1) shall be restored and made fit for use with reasonable speed and at the cost and expense of the Authority, and any rubbish caused by such breaking and opening shall be removed.

(3) Any telephone line or installation of the Authority placed or constructed on, over, along, through or under any road shall be so placed or constructed as not to interrupt, obstruct or interfere with passage along the road.

(4) For any damage or nuisance caused to an occupier of residential premises in the exercise of the powers conferred by paragraph (1), compensation

shall be paid to the occupier in accordance with the provisions of Section 33 of the Law.

2.6 Obligations of the Authority.

2.6.1 According to Section 20 of the Law:

(1) The Authority shall ensure that proper accounts are kept in respect of its operations and shall ensure the preparation of an annual statement of accounts.

(2) The accounts of the Authority and its officers shall be audited by an Auditor not disqualified under Section 155 of the Companies Law, who shall be appointed annually by the Authority with the approval of the Minister. As soon as the accounts of the Authority have been audited, the Authority shall send a copy thereof to the Minister, together with a copy of the Auditor's report, and to the House of Representatives for its information and shall publish the accounts in such manner as the Minister may direct and shall keep copies thereof for disposal.

(3) The Auditor's fees and the costs of the audit shall be borne by the Authority.

2.6.2 According to Section 22 of the Law:

(1) The Authority is responsible for ensuring that, as soon as practicable after the end of each financial year, a report is prepared and sent to the Minister in accordance with Charter 8.5, which covers in general terms the activities of the Authority during the previous financial year and includes information relating to the procedures and policies of the Authority.

(2) Any part of the report which, in the opinion of the Board, may be published without prejudice to the interests of the Authority, may be published by the Authority after submission to the Minister.

(3) For the purposes of Section 22 of the Law, "financial year" means the period for which the accounts referred to in Section 20 are prepared, whether or not the period is one year.

2.7 Decision-Making Bodies of the Authority

2.7.1 The Authority shall be governed, managed and directed by the following bodies in accordance with the terms and conditions set out in the Law and specified in this Charter and in any Policy, decision or delegation of powers:

(a) the Council of Ministers,

(b) the Finance Minister,

(c) the Board,

(d) the Chairperson or Vice-Chairperson of the Board of the Authority,

(e) the Chief Executive Officer,

(f) the Executive Management Board,

(g) the Central Tender Board,

(h) the Committees of the Board,

(i) person, committee or collective body to which the Board has delegated the powers.

2.8 Council of Ministers

2.8.1 The Council of Ministers has the absolute power to appoint and remove Members of the Authority and exercises approval powers in relation to various matters concerning the Authority, as provided for in the Law and detailed below.

2.8.2 The Council of Ministers appoints the members of the Board in accordance with the procedure provided for in Law 149(I)/1988 on Certain Legal Persons of Public Law (Appointment of Governing Councils). In particular, inter alia, the said Law provides for the following:

(a) Section 5(2): the Council of Ministers may at any time remove such a member from office without giving reasons.

(b) Section 5(3): the Council of Ministers may at any time accept the resignation of any member.

(c) Section 5(4): in the event of the incapacity by reason of sickness or other temporary cause or temporary absence from the Republic of any member or of the Chairperson or Vice-Chairperson of the Authority, the Council of Ministers may appoint another person to act as Vice-Chairperson or as a temporary member, or a member of the Authority to act as Chairperson, during the period of such incapacity or absence.

(d) Section 5(5): the Authority may act regardless of any vacancy in its membership.

(e) Section 5(6): the Chairperson or Vice-Chairperson may, by written instrument, authorise any person to exercise any powers or to perform any functions, other than the functions referred to in paragraph (2) of Section 4 of the Law which are conferred on the Chairperson or Vice-Chairperson by or under this Law.

2.8.3 The powers of the Council of Ministers are in no way affected by this Charter, and in any event this Charter shall be interpreted in a manner consistent with those powers.

2.8.4 Under Section 16 of the Law, the Council of Ministers may guarantee the payment of the interest and principal, or any part thereof, of any loan proposed to be made by the Authority in such manner and upon such terms as it may think fit. It should be noted that during the existence of a guarantee given under section 16 of the Law, the Authority may not, without the approval of the Council of Ministers, expropriate, mortgage, encumber or transfer any of its immovable property as provided in Section 3 of the Law.

2.8.5 According to Section 17A of the Law:

(1) The Authority shall deposit annually into the Permanent Fund of the Republic an amount not exceeding half of the surpluses after tax realised by it in the preceding financial year; it being understood that such amounts and the time of their payment shall be determined by the Council of Ministers on a proposal from the Finance Minister, after consultation with the Board of the Authority, taking into account- (i) the liquidity situation of the Authority and its ability to pay such amount; (ii) the safeguarding of future investments, the contractual obligations and other costs of the Authority; (iii) the amounts to be paid by the Authority to cover the deficit of the pension funds. It is also understood that, in order to determine the amount of the surplus, any amounts derived from or calculated following a revaluation of movable and immovable property shall not be taken into account. It is also understood that the payment of any amount shall not adversely affect the consumer in any way.

(2) The proposal of the Finance Minister submitted to the Council of Ministers pursuant to paragraph (1) shall be submitted to the House of Representatives for information after the Council of Ministers has made the relevant decision.

2.8.6 According to Section 41 of the Law:

(1) no authorisation shall be granted to any person under the provisions of the said Law unless notice of the particulars of the application for such authorisation has been given to the Authority and the Authority has either declared to the Council of Ministers that it is unable to perform the functions for which such application has been made or has failed to satisfy the Council of Ministers, within such time after the giving of such notice as the Council of Ministers may think fit, that it is able to perform such functions;

(2) no authorisation may be transferred without the consent of the Authority under the hand of the Chairperson.

2.8.7 Pursuant to Section 42 of the Law, the Authority shall make Policies, which shall be approved by the Council of Ministers and published in the Official Gazette and shall provide for the establishment and creation of a scheme for the payment of retirement allowances and gratuities to the members, officers and employees of the Authority and on such terms and conditions as may be specified in the Charter.

2.8.8 The Authority may, with the approval of the Council of Ministers, make Policies not inconsistent with the provisions of the Law or any other law for the time being in force, which shall be published in the Official Gazette of the Republic, for the better application of this Law and, without prejudice to the generality of the power conferred hereby, Policies may be made in relation to the matters provided for in Section 43 of the Law.

2.9 Finance Minister

2.9.1 The Finance Minister has a leading role in relation to the Authority and to this end has the power to issue general directions in relation to its activities which the Authority must follow as provided for in Section 9A of the Law.

2.9.2 The powers of the Finance Minister are in no way affected by this Charter and in any event this Charter shall be interpreted in a manner consistent with those powers.

2.9.3 According to Section 9A of the Law:

(1) The Minister may issue general directions concerning the Authority's activities and the Authority must give effect to any such directions.

(2) The Authority must provide the Minister, on request, with reports, accounts and other information relating to its property and activities. The Authority must also provide the Minister with every facility for the inspection of such information at such time and in such manner as the Minister may reasonably require.

3. THE BOARD

3.1 The Board of the Authority

3.1.1 The Board is the highest governing body of the Authority and is vested by law with all the functions and powers of the Authority and, as such, is empowered to perform or make any act or decision, directly or by delegation, within the scope of the functions and powers set out in the Act, except for those powers which are vested by law exclusively in the Council of Ministers, the Finance Minister or the Board.

3.1.2 The Board shall consist of nine members, including a Chairperson and a Vice-Chairperson appointed in accordance with Law 149(I)/1988 on Certain Legal Entities under Public Law (Appointment of Boards of Directors) with a term of office as stipulated in Section 4(a) which provides that the term of office of the Chairperson, the Vice-Chairperson and the members of the Board of Directors of each of the designated legal entities under public law shall not exceed thirty months. It should be noted that no person shall be eligible for appointment to the position of Chairperson, Vice-Chairperson or member of the Board if he/she has previously been appointed for two terms, whether consecutive or not, to any of the aforementioned positions of a specific legal entity under public law, unless his/her previous total term of office does not exceed sixty (60) months and he/she has not submitted his/her resignation in writing within a period of three (3) months prior to the expiration of his/her term of office, in accordance with Section 4(c) of the same Law. It is further understood that a person falling within the provisions of the preceding proviso may be appointed for two further terms of office to the Board of Directors of a particular legal entity under public law in whose service he/she has not previously been, provided that a period of sixty (60) months has elapsed since the expiry of his/her immediately preceding term of office.

3.1.3 The Members of the Board are independent as defined by the laws below:

i. Section 7(2) of the Law,
ii. Section 3B of Law No. 149(I)/1988 Certain Legal Entities under Public Law (Appointment of Boards of Directors)
iii. the General Principles of Administrative Law, Law No. 158(I)/1999
iv. Law No. 7(I)/2008 on the Incompatibility in Exercising the Duties of Certain Officials.

3.1.4 The Members of the Board shall be remunerated in accordance with Section 6 of the Law in a manner to be determined by the Council of Ministers.[1]

3.1.5 The Board shall operate on the basis of the Rules of Procedure of the Board as established on the basis of the relevant decisions of the Board.

3.1.6 The Chief Executive Officer and the Senior Managers of the Authority shall attend the meetings of the Board. The persons entitled to vote as equal members shall be determined by law. The Members of the Management shall

[1] Exception ICGN21 5.9

not receive any additional remuneration for their participation in the Board beyond the remuneration provided for in their employment contracts.[2]

3.1.7 It should be noted that the Chairperson or the Vice-Chairperson (where required) shall be entitled to convene a meeting of the Board without the presence of executive officers or other members in the cases provided for in the Rules of Procedure of the Board.

3.1.8 The Board operates on the principle of collective responsibility, with no Member having a different level of responsibility from the others. Some Members, who may from time to time assume special responsibilities in relation to specific matters, shall be accountable to the Board. Notwithstanding any such special responsibilities assigned to particular members, the Board as a whole shall be responsible for the performance of its duties and for making decisions.

3.1.9 Each Member of the Board shall participate equally in discussing and deciding by the Authority's Board, with the right to vote.

3.2 Role and Responsibilities of the Board

3.2.1 The Board should promote the long-term interests of the Authority by acting on an informed basis, in good faith, with due diligence and commitment to the benefit of the State and the public purpose of the Authority, and with consideration for the Stakeholders.[3]

3.2.2 The Board is responsible to the State and Stakeholders for maintaining and increasing long-term sustainable value in line with the Authority's purpose and strategy.[4] To this end, it is responsible for:

(a) publishing a clear purpose for the Authority to guide the approach of the Management in relation to strategy, innovation and risk management,[5]

(b) guiding, reviewing and approving the purpose, values, vision, mission, corporate and operational strategy, financial planning, business plans for strategic projects and organisation chart of the Authority, including major capital expenditure, projects, investments and disinvestments,[6]

[2] Administrative Order 6.4.b
[3] ICGN 21 1
[4] Combination of ICGN17 1.1 - ICGN21 1.1
[5] ICGN21 1.1.a
[6] ICGN17 1.1.a application with 6.1, Administrative Order 1.1.a

(c) cooperating constructively with the state in relation to governance, sustainability and performance of the Authority in line with its purpose and strategy,[7]

(d) understanding and communicating the perceptions of the relevant Stakeholders (including employees, customers, suppliers and civil society in the broadest sense) and publicising how their interests are taken into account in order to promote constructive relationships,[8]

(e) fostering and demonstrating high standards of business ethics, morality and integrity in the Authority to create a strong corporate culture of legal and regulatory compliance,[9]

(f) taking responsibility for governance of the Authority's sustainability by integrating human and physical capital into strategy, innovation and risk management, [10]

(g) recognising and managing conflicts of interest of Members, Officers and employees of the Authority to ensure impartial decision-making in the Authority,[11]

(h) overseeing the Authority's approach to the allocation of funds (in particular for significant capital expenditure, investments and disinvestments) to demonstrate fiscal discipline in the Authority's performance in relation to the cost of capital and long-term value creation,[12]

(i) overseeing the integrity of the Authority's reporting and accounting systems, compliance with internationally accepted accounting standards, the effectiveness of internal control and external audit safeguards, and the quality and independence of the internal and external audit process,[13]

(j) overseeing the Authority's risk assessment and risk management (including relevant systemic risks such as climate change, environmental degradation, social inequality and digital transformation) affecting the creation and maintenance of sustainable value, and reviewing the Policies annually or following any significant business change, [14]

[7] ICGN21 1.1.b
[8] ICGN21 1.1.c and Administrative Order 1.2.c
[9] ICGN21 1.1.d application with 7.1
[10] ICGN21 1.1.e
[11] ICGN21 1.1.g application with 7.3
[12] ICGN 1.1.h application with 6.2
[13] ICGN 1.1.i application with 5.13
[14] ICGN21 1.1.f application with 5.12

(k) appointing and dismissing the Chief Executive Officer and the Senior Managers and deciding on the renewal of their contracts; ensuring that an evaluation plan is in place and that a succession plan is regularly reviewed. It should be noted that when their contract renewal, termination, targets, evaluation or remuneration are being considered, the person concerned shall not participate in any way in the relevant meetings, discussions or decision making,

(l) ensuring that the remuneration of the Chief Executive and Senior Managers is measured against performance criteria that are aligned with the long-term interests of the Authority,[15]

(m) conducting regular evaluations of the Board, the Committees, the Members, the Chairperson and Vice-Chairperson of the Board,[16]

(n) ensuring the application of this Charter and the regulatory compliance by the Authority.[17]

3.3 Roles and Responsibilities of the Members

3.3.1 Each Member shall:

(a) act on an informed basis, in good faith, with due diligence and commitment, preserving and enhancing sustainable value over the long term in accordance with the Authority's purpose and strategy for the benefit of the State and the public purpose of the Authority, taking into account the Stakeholders and wider social and environmental interests,[18]

(b) have knowledge of the legislation,

(c) set a positive example in the performance of his/her duties and apply the principles and values of the Authority and this Governance Charter of the Authority,

(d) devote the necessary time and attention to the performance of his/her duties,[19]

(e) exercise independent and impartial judgment in the performance of his/her duties.

3.3.2 Each Member shall establish a close relationship of cooperation and trust with the other Members of the Board.

[15] ICGN21 1.1.k
[16] ICGN21 1.1.l application with 3.7
[17] Application with 5.11
[18] ICGN21 1.2 and Administrative Order1.2.c
[19] ICGN21 1.5 and Administrative Order 6.1.e

3.4 Roles and Responsibilities of the Chairperson[20]

3.4.1 The Chairperson is appointed by the Council of Ministers, chairs the meetings of the Board, is responsible for the organisation and management of the work and activities of the Board, leads, represents and expresses the Board as the supreme administrative body of the Authority and binds the Authority as provided for by the Law, this Charter and the Rules of Procedure of the Board.

3.4.2 The Chairperson may delegate his/her powers to other officers, members of the Board and personnel of the Authority, either individually or collectively in any manner he/she deems appropriate, except for the power provided for in Section 10A(2) of the Law.

3.4.3 The Chairperson shall establish a close working and trusting relationship with the Chief Executive Officer, providing support and guidance while respecting the limits of the authority of his/her executive role.[21]

3.4.4 The Chairperson should be a positive role model in the performance of his/her duties.

3.4.5 The Chairperson shall have the following competences in addition to those provided for in the Rules of Procedure of the Board, in any Policy or in addition to those delegated to him/her by the Board:

(a) Promoting the legitimate interests and the reputation of the Authority.

(b) Ensuring consistent leadership[22] and, like the Chief Executive Officer, representing the Authority to government authorities, banking institutions, the media, society and the public.

(c) Directing and guiding the functioning of the Board, as further defined in the Rules of Procedure of the Board.

(d) Directing and guiding the exercise of the Board's administrative role and referring to the Board matters requiring a decision by the Authority.

(e) Directing and guiding matters relating to the initial briefing, performance assessment, conflicts of interest, independence, capacity building and succession of the Members of the Board, the Chief Executive Officer and Senior Managers.

(f) Ensuring the composition and smooth functioning of the Board's Committees.

[20] ICGN21 2.1 & 2.3 and Administrative Order 6.1.b

[21] Administrative Order 6.4.c

[22] Administrative Order 6.4.c

(g) Ensuring effective two-way communication between the Board and the Stakeholders.

(h) Monitoring the implementation of the Board's decisions.

3.5 Roles and responsibilities of the Vice-Chairperson[23]

3.5.1 The Vice-Chairperson is appointed by the Council of Ministers and replaces the Chairperson in his absence.

3.5.2 The Vice-Chairperson establishes a close relationship of cooperation and trust with the Chairperson by providing support and advice.[24]

3.5.3 The Vice-Chairperson should be a positive role model in the performance of his/her duties.

3.5.4 The Vice-Chairperson is appointed Chairperson of the Pension and Grants Fund of the Employees of Cyta.

3.5.5 The Vice-Chairperson chairs meetings of the Board in cases where:

a) the Chairperson is prevented from attending,

b) he/she is assigned this role by the Chairperson,

c) the performance of the Chairperson is evaluated, and the Chairperson shall be informed accordingly.

3.6 Introduction, Skills and Training of Members[25]

3.6.1 Members of the Board shall receive appropriate information, training and education corresponding to their role when they are first appointed to the Board and thereafter as necessary.

3.6.2 The initial briefing and training of Members shall be recorded in the Board Member Induction Policy and shall include at least[26]:

(a) all applicable laws and regulations in relation to the Authority,

(b) the main decisions taken in the previous period,

(c) the purpose, vision, mission and values of the Authority,

(d) the corporate and operational strategy of the Authority and its subsidiaries

(e) the financial and other qualitative data of the Authority,

[23] ICGN21 2.1 & 2.4
[24] Administrative Order 6.1.c
[25] ICGN21 1.5
[26] Administrative Order 5.1.d

(f) the performance indicators of the Authority,

(g) the evaluations of the independent external adviser of the Board, the Chairperson and the Vice-Chairperson,

(h) the evaluations of the Chief Executive Officer and the Senior Managers for the previous period

(i) the organisational structure of the Authority; and

(j) the budget for the corresponding year.

3.6.3 The Board shall assess the skills that Members should have and develop the skills that it considers Members should have to enable them to perform their duties more effectively.

3.6.4 All Members of the Board further develop their skills and knowledge throughout their term of office and perform their duties responsibly, identifying and meeting their development needs for the proper performance of their roles.

3.7 The Board Evaluation[27]

3.7.1 The Board shall evaluate, in the middle of its term of office (every 12–15 months), the performance and effectiveness of itself as a collective body, its Committees, the Chairperson and the Chairs of its Committees. It should be noted that the Board will meet without the presence of the Chairperson or the Chairs of the Committees if it is to evaluate their performance.

3.7.2 The Board shall appoint an independent external adviser to conduct an independent evaluation of the Board and its Committees at least once (1) during its term of office.

3.7.3 The Board's evaluations are confidential, but the Board will disclose its evaluation process and, to the extent it considers it appropriate, any material issues arising from the conclusions and/or actions taken as a result of the conclusions.

4. MANAGEMENT

4.1 Executive Management Board

4.1.1 The Executive Management Board (GMB) is a body which acts primarily as an advisory body to the Chief Executive Officer on issues to be considered. The Chief Executive Officer may make decisions within the scope of his/her

[27] ICGN21 3.3 and Administrative Order 6.4.d

authority and without consulting the GMB and/or contrary to the advice of the GMB, unless there is a Board resolution specifically authorising the GMB to make a decision on a particular matter. The GMB shall meet at regular intervals and keep Minutes and Decisions through its Secretary.

4.1.2 The members of the GMB are the Chief Executive Officer and the Senior Managers at the time being. The quorum shall be determined in accordance with its Rules of Procedure.

4.1.3 The GMB shall consider matters for which it is expressly authorised by the Board, matters referred to it by the Chief Executive Officer or the Executive Directors and matters set out in its Rules of Procedure.

4.1.4 The operational framework of the GMB is set out in its Rules of Procedure.

4.2 Roles and Responsibilities of the Chief Executive Officer[28]

4.2.1 The Chief Executive Officer is appointed by the Board and his/her appointment is confirmed by the Council of Ministers. He/she is responsible for the implementation of the policies and directives of the Board and the management of the day-to-day activities of the Authority, is the supreme executive body of the Authority and is the head of the Authority's hierarchy as provided for by the Law and the provisions of this Charter.

4.2.2 The Chief Executive Officer may delegate powers in relation to his/her executive authority to other officers and personnel of the Authority, either individually or collectively, to committees, in any manner he/she deems appropriate.

4.2.3 The Chief Executive Officer shall establish a close relationship of cooperation and trust with the Chairperson, providing information and guidance, whilst always respecting the limits of the authority of the administrative role.[29]

4.2.4 The Chief Executive Officer should be a positive role model in the performance of his/her duties.

4.2.5 The Chief Executive Officer shall report to the Board and shall have the following responsibilities in addition to those set out in the GMB Rules of Procedure, in any Policy or in addition to those delegated to him/her by the Board:

(a) Promoting the legitimacy and reputation of the Authority;

[28] ICGN21 2.1

[29] Administrative Order 6.4.c

(b) Ensuring consistent leadership of the service and representing the Authority, as well as the Chairman of the Board, before government authorities, banking institutions, the media, society and the public;[30]

(c) Presiding over and directing the operation of the GMB as specified in the Rules of Procedure of the GMB;

(d) Directing and guiding the officers of the service in the exercising of the executive function of the Management; he/she is responsible for staffing, as defined by the Personnel Regulations and for the professional competence and culture of the service;

(e) Submitting to the Board for approval the strategic, financial and economic operational planning, organisational structure, the budget, the financial and non-financial performance indicators of the Authority, proposals to achieve the business objectives and public purposes of the Authority and other matters requiring a decision by the Board with recommendations and studies in support thereof;

(f) He/she is responsible and accountable for the handling, decision making and monitoring of matters relating to the implementation of the strategy, financial planning, policies, decisions, directives and delegations of the Board, the day to day management of the Authority's operations, the maintenance of an appropriate system of delegation of powers and procedures within the service and the achievement of the Authority's and Officers' financial and non-financial performance indicators as agreed with and determined by the Board;

(g) Performing any other function specified in his/her service scheme, any powers delegated to him/her by the Board and any authority provided for in the Law and the Personnel Regulations;

(h) He/she shall be duly informed of all matters within his/her competence and shall participate effectively in Board meetings when matters within his/her competence are discussed, thereby contributing to informed decisions;

(i) The Chief Executive Officer should be aligned with the values and principles of the Authority and should set a positive example in the performance of his/her duties;

(j) The Chief Executive Officer shall be accountable for his/her actions, shall be evaluated annually on the basis of established performance indicators and, if he/she receives a performance-based variable remuneration, it shall

[30] Administrative Order 6.4.c

be paid at such level and to such extent as the Authority's Board considers appropriate;

(k) Providing clear, accurate, reliable and timely information and submitting well-founded recommendations to the Board;[31]

(l) He/she shall be responsible and accountable for ensuring the effective and consistent implementation of the strategic plan and for the sound management of the Authority's resources.

4.3 Roles and Responsibilities of the Senior Managers

4.3.1 The Senior Managers are appointed by the Board and are in charge of the executive functions assigned to them in the organisational structure.

4.3.2 Senior Managers should be aligned with the values and principles of the Authority and should set a positive example in the performance of their duties.

4.3.3 The Senior Managers shall report to the Chief Executive Officer and shall have the following responsibilities, in addition to those provided for in the Rules of Procedure of the GMB, in any Policy or in addition to those delegated to them by the Board or the Chief Executive Officer:

(a) Managing the day-to-day operations and representing the Authority in their areas of their responsibility;

(b) Assisting the Chief Executive Officer to ensure the effective and consistent implementation of the strategic plan and the sound management of the Authority's resources;

(c) Providing clear, accurate, reliable and timely information and regular reports to the Chief Executive Officer, the GMB and the Board on matters relating to their activities and developments in their areas of responsibility;

(d) Formulating clear operational objectives for the Directorates under their responsibility, in line with the strategic objectives adopted by the Board;

(e) Exercising any other powers delegated to them by the Chief Executive Officer or by the Board;

(f) They shall be duly informed on all matters within their competence and participate effectively in Board meetings when matters within their competence are discussed and assist in making informed decisions.

4.3.4 The Senior Managers shall be accountable for their actions, shall be evaluated annually by the Chief Executive Officer on the basis of established performance indicators and, if they have performance-based variable

[31] ICGN21 1.8

remuneration, it shall be paid at such level and to such extent as the Authority's Board considers appropriate.

4.4 Duties of the Management

4.4.1 The Chief Executive Officer, Senior Managers and Directors have a duty to act in good faith, diligence and loyalty to promote the long-term best interests of the Authority for:

(a) Achievement of the public purpose of the Authority;

(b) Creation, maintenance and strengthening of long-term sustainable economic value of the Authority taking into account relevant stakeholders, society and the environment; and

(c) Generation of a return on capital adjusted for the economic risk assumed.

4.4.2 The Management's actions and behaviour should inspire personnel and promote a culture of ethics, involvement and accountability.

5. ORGANISATION

5.1 Meetings of the Authority

5.1.1 The organisation relating to the meetings and other functions of the Board is set out in the Rules of Procedure of the Board, which are prepared by the Board, evaluated and reviewed annually.

5.1.2 The Rules of Procedure of the Board set out:

(a) the minimum standard schedule of regular meetings of the Board,[32]

(b) the reasonable period of time before each meeting during which reports of the service on the items on the agenda shall be submitted,[33]

(c) the manner in which the Board's agenda is prepared and the standard items on the Board's, [34]

(d) the persons and procedure for submitting items for consideration on the Board's agenda,[35]

[32] Administrative Order 6.3b
[33] Administrative Order 5.1 b
[34] Administrative Order 6.3 c
[35] Administrative Order 6.3 c

(e) the cases and procedure for submitting matters under the urgency procedure,[36]

(f) the minimum contents of reports and suggestions coming from the service[37] or from the Committees of the Board,[38]

(g) the discussion procedure at meetings to ensure a substantive discussion between the Board members and the Management,[39]

(h) the procedure and timing for the preparation, correction and sharing of the minutes of the meetings,[40]

(i) any other matters relating to the functioning of the Board.

5.2 Ensuring Timely, Adequate and Appropriate Provision of Information for Decision-Making

5.2.1 All Board Members have access to advice and to the services of the Secretary of the Authority's Board, the Legal Service and external legal advisers for information on any matter concerning the Authority.[41]

5.2.2 The special or general knowledge of Members is not a source of information on matters before the Board. No Member shall be responsible or obliged to make use of his/her special or general knowledge in relation to his/her professional or other expertise for the purpose of informing the Board. The special or general knowledge of Members may be used to exercise their judgment on various matters or to request further study or provision of supporting documents by the Service.

5.2.3 The Board may use the resources of the Authority to obtain such information and advice as is necessary or useful for its role as the Board.[42]

5.2.4 The Board may, if it considers it necessary, engage the services of independent consultants in the performance of its duties.[43]

5.3 Speed of Decision-Making

5.3.1 The Board shall ensure that decisions on all matters brought before it are taken quickly and in a timely manner in order to respond rapidly to market challenges

[36] Administrative Order 5.1 b
[37] Administrative Order 5.1 e
[38] Administrative Order 6.1 j
[39] Administrative Order 5.1 c
[40] Administrative Order 6.3 e
[41] ICGN21 1.8 and Administrative Order 5.1 e and Administrative Order 5.1 f
[42] ICGN21 1.8
[43] ICGN21 1.8

and to avoid any attempt by third parties to interfere with or influence the decision.

5.4 Publication of Decisions

5.4.1 Decisions of the Board shall be communicated in summary form to all Directorates no later than the end of the day following the Board meeting at which they were taken.

5.4.2 The full text of the decisions of the Board shall be made available to the public within a short time and shall be published on the internal portal, unless they are of a confidential nature.

5.4.3 The minutes of the Board meetings shall not be published.

5.5 Reasoning of the Decisions

5.5.1 Every decision taken by the Board and any other body of the Authority shall be accompanied by a clear statement of reasons explaining how the decision serves the economic, technical and commercial interests of the Authority or how it serves the public purpose of the Authority.

5.5.2 In matters of administrative law, compliance with the relevant procedures, laws and case law, including proper reasoning of the decisions of the Board and any other administrative body of the Authority and other elements of administrative law, shall be ensured.

5.6 Decision Evaluation

5.6.1 The Board shall, as part of its self-evaluation process, evaluate the impact and implications of the significant decisions taken during the previous period.

5.7 Delegation of Powers and Matters of Exclusive Competence of the Board [44]

5.7.1 The Board of the Authority may delegate any powers as specified in Section 10A of the Law. [45]

5.7.2 The powers of the Authority's Board shall be delegated exclusively on the basis of permanent directives prepared and approved by the Authority's Board in the following forms:

(a) Rules of Procedure

(b) Policies

[44] ICGN21 2.1 and Administrative Order 6.2 b

[45] Administrative Order 6.1 k

(c) Single Document of Delegation of Powers

(d) Single Document of Matters of Exclusive Competence of the Board

(e) Terms of Reference of the Board Committees in accordance with the Articles of Association of each Committee.

5.7.3 To be valid, the documents referred to in 5.7.2 shall be made available to all personnel via the internal portal.

5.7.4 To be valid, any delegation of powers of the Board contained in the documents referred to in 5.7.2 shall be included in the Single Document of Delegation of Powers, which must be kept up to date and made available on the internal portal to all officers of the Authority.

5.7.5 No other documents, orders, directives, rules of procedure, circulars and other provisions of any kind by any person or committee shall contain any delegation of powers of the Board.

5.7.6 The Authority's Board shall review all delegations made at least once (1) a year. The Board may review any delegation of powers whenever it considers it necessary.

5.7.7 The Board shall maintain a Single Document of Matters of Exclusive Competence of the Board setting out the matters on which decisions are taken only by the Board, notwithstanding any delegated powers of the Board. The document shall include, as a minimum, all matters or powers which in any way affect [46]:

(a) the public purpose of the Authority,

(b) the purpose, vision, mission and values of the Authority,[47]

(c) the broader policy and direction of the Authority,

(d) the business model of the Authority,

(e) the corporate and operational strategy of the Authority and its subsidiaries,

(f) the operational plan of the Authority,

(g) the annual budget of the Authority,

(h) the organisational structure of the Authority, [48]

(i) the preparation and revision of policies and rules of procedure,

[46] Administrative Order 6.1 k
[47] Administrative Order 1.1 a
[48] Administrative Order 3.1 d

(j) the examination of the results and achievement of the Authority's objectives.

5.7.8 Only matters for which no powers have been delegated or which are included in the Single Document of Matters of Exclusive Competence of the Board shall be referred to the Board for decision. It should be noted that the above provision shall in no way affect the right of the Board to request that any matter be referred to the Board for decision in the exercise of administrative control.

5.8 Separation of Administration-Management Powers[49]

5.8.1 The Board and the Management shall maintain a clear separation between the administrative and executive roles exercised.

5.8.2 The administrative role is determined as follows:

(a) defining, communicating and explaining the direction, strategies and policies of the Authority,

(b) representing, consulting and reporting on behalf of the Authority,

(c) selecting, recruiting, promoting, administrative control and dismissing the Officers and personnel of the Authority,

(d) monitoring the results and achievement of the Authority's objectives,

(e) administrative control of all personnel, decisions and functions of the Authority[50], and

(f) making of important decisions, decisions within the scope of unallocated powers or matters within the exclusive competence of the Board.

5.8.3 The executive role is determined as follows:

(a) implementing the policies, strategies and direction of the Authority,

(b) managing day-to-day operations of the Authority,

(c) operational decision-making,

(d) developing operational procedures and plans,

(e) providing the Board with complete and legally correct information in a timely manner,[51]

[49] ICGN21. 2.1
[50] Based on the Law Section 10(2)
[51] ICGN21 1.8 and Administrative Order 5.1.b and Administrative Order 5.1.e

(f) providing the Board with well-founded recommendations and information.[52]

5.8.4 To perform the role of Administration in relation to the executive role of the Management and vice versa:[53]

(a) the Board shall avoid direct involvement and shall act mainly through institutional procedures (e.g. strategies, policies or decisions) that it adopts either to empower the Management to operate without interference within the established limits or to limit the activities of the Management by imposing restrictions or requiring additional Board approval in areas that it deems to require oversight and control. In the event of non-compliance with a specific policy, decision or directive, the Board may intervene and take the necessary action to ensure compliance,[54]

(b) the Management shall avoid binding the Authority on any matter on which there is no agreed strategy, direction, policy, decision or directive of the Board or which is inconsistent with such a decision or which may affect the administrative role of the Board or the direction, strategy or policy choices of the Authority, and shall inform the Board accordingly, together with a recommendation from the Management on the matter in question. In cases of urgency or doubt as to whether a matter falls within the above, the Management shall refer the matter to the Chairperson of the Board who shall decide whether the matter should be referred to the Board for a decision.

5.8.5 In fulfilling its administrative role, the Board, through the Chairperson, the Vice-Chairperson or any other person authorised by the Chairperson, will be able to receive information, provide explanations and consult freely with all levels of the Authority's hierarchy. [55]

5.8.6 Management shall maintain such resources assigned to the Board for the fulfilment of its role as may be determined by the Board from time to time. At the same time, the Management shall consult with and follow the instructions of the Board on matters relating to resources assigned to the Board for the fulfilment of its role, to departments and resources administratively subordinate to the Board, and to resources used in matters within the exclusive competence of the Board.[56]

[52] ICGN21 1.8
[53] The provisions follow the letter and spirit of provision 6.3., pages 31-32, of the Public Governance Code given by the Ministry of Finance
[54] Administrative Order 6.1.k
[55] ICGN21 1.8
[56] ICGN21 1.8

5.9 Secretariat of the Board

5.9.1 The Secretary of the Board shall be appointed by and report to the Board and shall be responsible for the establishment of a Secretariat of the Board as a service in the organisational chart of the Authority, reporting to the Board and staffed as decided by the Board.[57]

5.9.2 The replacement of the Secretary or his/her Assistants shall be decided only with the consent of the Board.

5.9.3 The Secretariat shall have the following responsibilities:

(a) to fix the dates and the agenda of meetings of the Board in consultation with the Chairperson,[58]

(b) to keep full and accurate written minutes of the meetings of the Board,

(c) to monitor the progress and implementation by the service of the decisions of the Board,

(d) to ensure that the Board's procedures are followed in accordance with the Rules of Procedure of the Board,

(e) to provide information to any Member of the Board on any matter relating to the Authority,[59]

(f) to maintain an up-to-date register of the Board's Decisions,

(g) to maintain a list of Registers, which shall be attached to this Charter and made public,[60]

(h) any other relevant duties as determined by the Board.

5.9.4 The performance indicators of the Secretariat personnel members in relation to their duties as Secretariat executives shall be determined by the Chief Executive Officer in consultation with the Chairperson of the Board.

5.10 Committees61

5.10.1 The Board shall set up Committees to better study and work on issues.

5.10.2 The Board shall establish and operate at least the following committees:

(a) Audit Committee,

[57] Administrative Order 6.3.a
[58] Administrative Order 6.3.c
[59] ICGN21 1.8
[60] Provided for purposes of transparency and ease of reference in relation to the documents that make up the governance of the Authority
[61] ICGN21 1.7 and Administrative Order 6.1.f

(b) Risk Management Committee,

(c) Personnel and Remuneration Committee,

(d) Institutional Framework, Regulatory Compliance and Corporate Governance Committee, and

(e) Sustainable Development Strategy Committee

5.10.3 The Committees operate on the basis of their own charters, approved by the Board, which set out their role, powers, responsibilities and duties in accordance with the relevant legislation and this Charter.[62]

5.10.4 In the event of any inconsistency between any provision of this Charter and the charter of the Committee, the provision of this Charter shall prevail.

5.10.5 The Board Committees shall conduct their work to the same high standards as the work of the Board and receive the same level of service support.[63]

5.10.6 For each Committee, the Board shall appoint a Secretary from the officers of the Service.

5.10.7 The Members and Secretary of the Committees shall be appointed by the Board and shall be included in the Annual Report of the Authority.[64]

5.10.8 Members of the Committees may not, by virtue of their appointment, have any financial or other interest in accordance with Section 7(2) of the Law.

5.11 Regulatory Compliance

5.11.1 The Board shall appoint an appropriate officer to the position of Compliance Officer who shall report to the Board either directly or through a relevant Board Committee.

5.11.2 No change of the Compliance Officer shall be decided upon without the approval of the Board.

5.11.3 The Compliance Officer shall have the following responsibilities:

(a) To monitor the compliance by all the bodies and personnel of the Authority with its Governance Charter, the Policies and Decisions of the Board and with the laws and regulations of the Republic.[65]

(b) To keep the Board and the relevant Committee informed of the regulatory compliance by the Authority.

[62] Administrative Order 6.1.h
[63] Administrative Order 6.1.i
[64] Administrative Order 6.1.g
[65] Administrative Order 6.2.c

(c) To prepare an Annual Compliance Report.

(d) To prepare special reports and reports in case of non-compliance in any matter.

(e) To prepare the Annual Governance Report.

(f) To maintain an up-to-date Register of Policies, Register of Annual Reports and Register of Governance Documents, which shall be attached to this Charter and made public.

(g) Any other relevant task as determined by the Board or its Policies.

5.11.4 The Annual Governance Report shall include at least:[66]

(a) reference to the decisions, policies, laws and regulations that make up the governance system of the Authority,

(b) information regarding the structure, composition and operation of the governance bodies of the Authority, and

(c) information regarding the implementation of the governance principles adopted by the Authority, in accordance with internationally recognised reference standards.

5.11.5 The performance indicators of the Compliance Officer shall be determined by the Senior Manager to whom the Compliance Officer is organisationally assigned, and shall be approved by the Institutional Framework, Regulatory Compliance and Corporate Governance Committee.

5.12 Risk Management

5.12.1 The Board shall have ultimate responsibility for the risk management system, lead the Authority's crisis management and business continuity and anticipate, as far as possible, changes in the Authority's strategic and operational environment to ensure that it is able to respond to any crisis in a timely and appropriate manner.[67]

5.12.2 The Board shall develop, maintain and review annually at least the following risk management policies:

(a) Corporate Risk Management Policy[68],

(b) Business Continuity Policy,

(c) Crisis Management Policy.

[66] Administrative Order 5.1.h
[67] ICGN21 6
[68] Administrative Order 4.1.a

5.12.3 The Board shall establish a Risk Management Committee, which shall operate on the basis of an approved charter and oversee the risk management of the Authority.[69]

5.12.4 The Chairperson of the Board, the Chief Executive Officer and officers of the Service may not be members of the Risk Management Committee.

5.12.5 The Risk Management Committee shall have the following responsibilities:[70]

(a) to review regularly, at least once (1) a year, the level of risk taking, to set risk limits and to submit its recommendation to the Board for decision,

(b) to review systematically, at least once (1) a year, the Risk Management Policies and Procedures to ensure that they are appropriate and reliable,

(c) to assess the risk culture of the Authority and its personnel,

(d) to assess the procedures for escalation and de-escalation of risk issues within the Authority,

(e) to review in detail the Authority's key risks and maintain a Register of Significant Risks, which is reported to the Board for information,[71]

(f) to monitor and evaluate how the Management intends to respond or has responded to significant risks,[72]

(g) to review risk reports, the Annual Risk Management Report and the crisis management and business continuity plans, as well as the Annual Business Continuity Report

(h) to inform the Board of any matters arising in the course of its work; and

(i) to exercise such other relevant powers or duties as may be assigned to it by the Board.

5.12.6 The Board shall establish a Risk Management Service in the Authority's organisation chart, which shall report directly or through its hierarchy to the Risk Management Committee.[73]

5.12.7 The Risk Management Service shall have a functional chain of command only with the Chief Executive Officer or with a Directorate not involved in risk taking for the Authority.

[69] ICGN21 6.5 and Administrative Order 4.1.b
[70] Administrative Order 4.1.g
[71] Administrative Order 4.1.e
[72] Administrative Order 4.1.g
[73] Administrative Order 4.1.c

5.12.8 The Risk Management Service, through the Directorate, shall have the following duties:

(a) to implement the Risk Management Policies,

(b) to ensure that the Management and the other Directorates implement a comprehensive and effective risk management system which enables the Directorates to apply the necessary risk management procedures on which the Board can rely,

(c) to prepare reports on the procedures, risk management policies and the Authority's compliance therewith,

(d) to assess periodically the Authority's risk culture and the for escalating and de-escalating issues within the Authority,

(e) to prepare risk management reports and at least once (1) a year an Annual Risk Management Report for the Authority,

(f) to prepare and review crisis management and business continuity plans,

(g) to inform the Directorate, the Board or the Committee of existing or emerging risks,

(h) to exercise any other relevant powers or duties assigned to it by the Board or the Directorate.

5.12.9 Through the supervision of the Management and the actions of the Directorate, it shall:

(a) ensure that risks are managed in such a way as to contribute to the definition and achievement of the Authority's strategy,

(b) be managed in a logical, independent, dynamic and proactive manner.[74]

(c) promote an effective risk culture in the Authority that encourages good faith and constructive discussion and management of crises and business continuity,[75]

(d) establish limits on the Authority's exposure to risks and ensure that the Management complies with them,

(e) be linked to the strategy, capital allocation and performance management system of the Authority,[76]

(f) follow international standards and best practices,

[74] ICGN21 6.4
[75] ICGN21 6.3
[76] ICGN21 6.4 and Administrative Order 2.2 c

(g) include, as a minimum, strategic, operational, economic, ethical and social risks, as well as risks related to quality, safety, environment, business continuity, threats to the Authority's business model, climate change, environmental degradation, social inequality, digital transformation, information technology and communications, cyber security, [77] supply chain resilience, performance, solvency, liquidity and reputation,[78]

(h) recognise the human factor in each risk,

(i) recognise the risk of violation of values, ethics, laws and regulations, as well as the risk of corruption and bribery,

(j) extend beyond financial capital to include human and physical capital and, in particular, the systemic risks identified in the United Nations Sustainable Development Goals, where these are relevant to the public purpose, business model and strategy of the Authority,[79]

(k) identify, prevent and mitigate risks to the safety and health of personnel in the Authority's operations and supply chain,[80]

(l) recognise that human rights and modern slavery issues can pose significant operational and reputational risks or compromise the Authority's values and principles.[81]

5.12.10 The Crisis Management Policy includes, inter alia, contingency planning to enable the Authority to respond in a timely manner to any funding shortfall.[82]

5.12.11 The Business Continuity Policy includes, inter alia, the identification and management of potential impacts that threaten the resilience and continuity of the organisation.

5.13 Audit Supervision

5.13.1 A) Internal Audit: the Board shall ensure and oversee the implementation and maintenance of an independent, effective system of internal control, which shall be assessed annually for adequacy against internationally accepted levels of internal audit,[83] to ensure that effective oversight is exercised over the activities and operations of the Authority.

B) External Audit: the Board shall establish procedures to ensure an effective and independent external audit of the financial statements in order to provide

[77] Administrative Order 3.2.b
[78] ICGN 6.2
[79] ICGN21 6.2
[80] ICGN21 4.6
[81] ICGN21 4.7
[82] Administrative Order 2.2.2.c
[83] ICGN21 8.1

assurance to stakeholders on the financial position, financial performance and ability of the Authority to continue its activities.[84]

5.13.2 The Board shall develop, maintain and review annually at least the following policies in relation to internal audit:

(a) Internal Audit Charter,[85]

(b) External Audit Management Policy.[86]

5.13.3 The Board shall establish an Audit Committee, which shall operate on the basis of an approved charter and shall exercise oversight of the audit of the Authority.[87]

5.13.4 The Audit Committee shall consist of at least three (3) members, who collectively possess sufficient knowledge, skills and experience to perform their duties, as follows:[88]

(a) a university degree in economics, finance, accounting and business administration or a recognised professional qualification,

(b) knowledge of the Authority's wider business environment, including IT and technology systems,

(c) appropriate experience and knowledge of the financial sector.

It should be noted that the members of the Audit Committee may not be members of more than two Board Committees.

5.13.5 The Chairperson of the Committee must be independent and have specialised knowledge and experience in the application of accounting principles and the internal audit system.[89]

5.13.6 The Chairperson of the Board, the Chief Executive Officer and officers of the service may not be members of the Audit Committee.[90]

5.13.7 The Audit Committee shall have the following powers and duties:[91]

(a) overseeing the implementation of the principles, policies and procedures relating to the preparation of financial reports and internal audit,

[84] ICGN21 8.2
[85] ICGN21 8.1
[86] ICGN21 8.2
[87] ICGN21 8.3
[88] ICGN21 8.3 Knowledge
[89] ICGN 8.3 Knowledge
[90] ICGN 8.3 Independence
[91] ICGN 8.3 Duties

(b) ensuring the integrity of the Authority's financial accounts, financial statements and any official reports on its financial performance, and reviewing the significant financial reporting judgements contained therein,

(c) overseeing the key accounting policies and judgements in accordance with generally accepted international accounting standards and the disclosure of these policies in the notes to the Authority's financial statements,

(d) monitoring and evaluating the effectiveness of the internal audit system and the Internal Audit Directorate,

(e) maintaining a direct reporting relationship between the independent auditors and the Authority,[92]

(f) agreeing on the minimum scope of the audit required by the applicable legislation and any further assurance required by the Authority,

(g) annual evaluation of the quality and effectiveness of the audit (including the use of audit quality indicators),

(h) ensuring the independence of the external auditor, including in relation to the provision of non-audit services and related fees,

(i) recommending the appointment, re-appointment and, where appropriate, removal of the external auditor and approving the remuneration of the external auditor,

(j) approving the terms of reference and the audit engagement agreement,

(k) meeting with the external auditor without the presence of the Management to discuss any matter including risks or other concerns that were significant to the audit process, significant issues or disputes, if any, regarding accounting practices or internal control mechanisms,

(l) supervision of the interaction between the Management and the external auditor, including the evaluation of the external auditor's letter to management and Management's response,

(m) investigation of any matter within the limits of its powers,

(n) obtaining any information it requires from any officer or employee of the Authority,

(o) preparing the Annual Audit Report and submitting it to the Board for approval,[93]

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[92] ICFN 8.2

[93] ICGN21 8.4

(p) regularly evaluating the policies and procedures relating to the internal and external audit of the Authority.

5.13.8 The Board shall establish an Internal Audit Directorate within the Authority's organisation chart, reporting directly to the Audit Committee.[94]

5.13.9 The Internal Audit Directorate shall have a functional chain of command only with the Chief Executive Officer.

5.13.10 The mission of the Internal Audit Directorate is to protect and enhance the value of the Authority by providing independent, objective and reasonable assurance, advice and information to the Board and the Chief Executive Officer on matters such as the reputation of the Authority, the safe and efficient operation of the premises, the accuracy and reliability of accounting and operational data, the safeguarding of the Authority's resources and the appropriate management of business risks. Internal Audit has a charter which sets out the responsibilities, authorities and reporting lines of Internal Audit. The charter shall be approved by the Board of the Authority on the recommendation of the Audit Committee.

5.13.11 The annual report of the Audit Committee shall include at least the following:[95]

(a) any significant issues arising from the audit of the Authority's financial statements and how they have been dealt with,

(b) effectiveness of the external audit process, including the appointment process, the tenure, independence and remuneration of the auditor and the provision of any non-audit services,

(c) evaluation of the financial statements and overseeing the procedures followed for the selection of accounting principles,

(d) effectiveness of the Authority's internal audit system, including the review of the annual audit programme; and

(e) evaluation of the Internal Audit Directorate.

5.14 External Auditor

5.14.1 Subject to the relevant legislation, the external auditor of the Authority shall be appointed, reappointed and dismissed by the Board on the recommendation of the Audit Committee.

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[94] ICGN21 8.1

[95] ICGN21 8.4

5.14.2 The Authority's External Auditor shall report to and be directly supervised by the Authority's Audit Committee.[96]

5.14.3 Any fee for non-audit services should be less than the auditor's fee and, if not, a clear explanation should be given as to why it was necessary for the external auditor to provide such services and how the independence and objectivity of the audit are assured.[97]

5.14.4 The contract for the appointment of the auditor and for the audit of the Authority shall not contain any limitation on the auditor's liability to the Authority for any cause whatsoever, including consequential loss, nor shall it require the Authority to use alternative dispute resolution.[98]

5.14.5 If the Authority's external auditor resigns, the reasons for the resignation shall be made public.[99]

5.14.6 The continuous term of office of the Authority's external auditor shall not exceed ten (10) years. Notwithstanding the foregoing, the maximum term may be extended to twenty (20) years in the case of a public tender procedure carried out after the expiry of the initial maximum term of ten (10) years. The same external auditor (or any member of its network within the European Union) may not be reappointed at the end of the ten (10) year period, or at the end of the twenty (20) year period in the case of an extension, until at least four (4) years have elapsed since the last date on which it carried out an audit of the Authority.[100]

5.14.7 The External Auditor is required to prepare an Annual External Auditor's Report which is included in the Authority's Annual Report and which should provide an independent and objective opinion as to whether the accounts give a true and fair view of the Authority's financial position, financial performance and ability to continue its activities.[101]

5.15 Smooth Succession

5.15.1 In the event of a change in the Board, the Chief Executive Officer or the Senior Managers, the Board shall ensure continuity from the previous to the new Board and succession plans shall be drawn up for this purpose.

5.15.2 The Board shall decide how to strike a balance between, on the one hand, continuity of knowledge and contacts between the Members of the Board and

[96] ICFN 8.2
[97] ICGN21 8.3.f
[98] ICGN21 8.3.g
[99] ICGN 8.7
[100] ICGN 8.8
[101] ICGN 8.5

the Management and, on the other hand, a fresh approach to issues concerning the Authority, always taking into account the possibilities offered by existing legislation.

5.16 Subsidiary Companies[102]

5.16.1 The Boards of Directors of the Authority's subsidiaries shall be appointed by the Board and reviewed periodically and whenever the need arises with regard to their composition.

5.16.2 The Board shall ensure the independence of the composition of each subsidiary, its governance structure and its audit and reporting procedures. It should be noted that for reasons of economies of scale, functions of subsidiaries may be outsourced to be performed by the Authority and vice versa.

5.16.3 Persons serving on the Boards of the Authority's subsidiaries shall have legal duties to the subsidiary as a separate legal entity and shall consider the interests of the Authority only as a main stakeholder and shareholder.

6. OPERATION

6.1 Strategy

6.1.1 The Board shall develop and the Management shall implement a Strategic and Operational Planning Policy of the Authority and its subsidiaries, which shall include, as a minimum, determination, evaluation and review by the Board of the following issues:

(a) the purpose, vision, mission and values[103] of the Authority in the long term,

(b) the Corporate Strategy, which includes the subsidiaries of the Authority, in the medium term,[104]

(c) the Operational Strategy of the Authority and each subsidiary in the short term,[105]

(d) the Budget of the Authority and each of its subsidiaries in a one-year perspective,[106]

[102] ICGN 1.3
[103] Administrative Order 1.1.a and Administrative Order 2.1a
[104] Administrative Order 2.1.b and Administrative Order 2.1.d
[105] Administrative Order 2.1.b and Administrative Order 2.1.d Administrative Order 2.2.a
[106] Administrative Order 2.2.2.b

(e) the performance indicators of the Authority and its subsidiaries over a one-year horizon,[107]

(f) the adequacy of human and financial resources of the Authority and its subsidiaries over a one-year horizon,

(g) the organisational structure of the Authority and its subsidiaries over a one-year horizon,[108]

(h) the List of Stakeholders annually.[109]

6.1.2 The Authority's Corporate and Operational Strategy must take into account the economic, social and environmental impacts that may affect the Authority.[110]

6.1.3 The Board shall ensure that the Authority has the human, financial and infrastructural resources necessary to implement its strategy.

6.1.4 The Strategic and Operational Planning Policy shall provide for at least the following:

(a) the submission of regular reports by the Management to the Board, clearly comparing planned and actual activities, metrics, indicators and results, and clearly identifying and explaining any discrepancies,[111]

(b) the evaluation and review by the Board of the data produced by the Strategic and Operational Planning Policy whenever necessary, but at least once a year.[112]

6.1.5 The Strategic and Operational Planning Policy shall be evaluated by the Board at least once a year.

6.2 List of Stakeholders[113]

6.2.1 The Board shall create and publish a List of Stakeholders in which it shall specify:

(a) the stakeholders to whom it is responsible and/or accountable for the dialogue or communication,

(b) the agenda of the dialogue or communication, other than those required by the Law,

[107] Administrative Order 2.1.b and Administrative Order 2.1.e Administrative Order 2.1.g
[108] Administrative Order 3.1.c
[109] ICGN21 4.6 and Administrative Order 1.2.a
[110] Administrative Order 2.1.c
[111] Administrative Order 5.1.a
[112] Administrative Order 2.1.f
[113] ICGN21 4.6

(c) the main hierarchical responsibility for dialogue or communication with each Stakeholder or group of stakeholders and the agenda.

6.2.2 The List of Stakeholders shall include at least the following stakeholders:

(a) the State,

(b) departments and ministries related to the work of the Authority,

(c) the House of Representatives,

(d) Independent Services,

(e) the public,

(f) personnel of the Authority,

(g) service users,

(h) customers of the Authority,

(i) creditors of the Authority,

(j) partners of the Authority; and

(k) suppliers of the Authority.

6.2.3 When establishing or reviewing the List of Stakeholders, the Board shall assess the extent to which each dialogue, communication and accountability relationship serves its purpose. This shall include an assessment of which, if any, dialogue, communication and accountability relationships need to be strengthened or whether others are a burden on the Authority's ability to fulfil its purpose or to be accountable to other bodies. Where this is the case, the Board shall consider such weaknesses and work to address any gaps. It shall also discuss any concerns with those bodies to which it is formally accountable and, where possible, seek to negotiate a more balanced position.

6.2.4 The List of Stakeholders shall be reviewed by the Board regularly, at least once (1) a year.

6.3 Assets and Capital Allocation[114]

6.3.1 The Board should ensure that the Authority has clear policies reflecting its approach to asset and capital allocation as a basis for creating long-term sustainable value.

6.3.2 The Board shall develop, maintain and review annually at least the following Policies in relation to the assets of the Authority:

[114] ICGN21 7.9 and Administrative Order 1.2.a

(a) Capital Allocation Policy,[115]

(b) Treasury Policy,[116]

(c) Property Management Policy,

(d) Capital Expenditure Policy.

6.3.3 The Capital Allocation Policy should set out how a beneficial and sustainable balance of capital and asset allocation will be achieved between the different and potentially conflicting interests of the Authority, shareholders, creditors and other Stakeholders,[117] while maintaining adequate capital and liquidity against foreseeable risks.

6.3.4 The Board shall prepare an Annual Capital Allocation Report, which shall include at least the following information:

(a) the governance and decision-making procedures in relation to the allocation of the capital and assets of the Authority,

(b) the role of the Board and the Management in relation to the allocation of capital and assets of the Authority in making major capital decisions,

(c) the approach to making major decisions involving capital decisions such as mergers, acquisitions, research and development projects and other capital investments, including the philosophy, governance, decision-making process and key internal metrics,

(d) information on the level of leverage required to support the Authority's long-term strategy, consistent with the State's objectives for return on capital and the objectives of creditors and other Stakeholders to maintain a prudent level of credit risk,

(e) the dividend policy and practice; and

(f) the rationale for any strategic holdings or loans to third parties and their impact on the Authority's return on capital.

6.4 Personnel

6.4.1 The Board shall ensure that effective systems are in place to safeguard personnel rights, workplace safety, competence management, retention, smooth succession, training and generally the development and use of personnel as part of the Authority's value creation strategy.[118]

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[115] ICGN21 7.9 and Administrative Order 2.2.c
[116] Administrative Order 2.2.c
[117] Administrative Order 1.2.c
[118] ICGN21 7.6 and Administrative Order 1.2.c

6.4.2 The Board shall develop, maintain and review, at least annually, human resources management policies, which shall include the following:

(a) Personnel Recruitment and Promotion Policy,[119]

(b) Performance Management, Target Setting and Personnel Assessment Policy,[120]

(c) Remuneration and Incentive Policy,[121]

(d) Personnel Succession and Staffing Planning Policy,

(e) Personnel Safety and Health Policy,[122]

(f) Personnel Development Policy.[123]

6.4.3 The Board shall establish a Personnel and Remuneration Committee, which shall operate on the basis of the approved charter and which shall be the body for consultation between the Authority and its personnel.

6.4.4 The Personnel and Remuneration Committee shall be composed of at least three (3) Members of the Board and its meetings shall be attended by the Chief Executive Officer and, if applicable, the Senior Manager in charge of personnel matters.

6.4.5 The Personnel Committee shall have the following powers and duties:[124]

(a) to oversee the Authority's approach to human capital management,[125]

(b) to oversee the capacity building and the review of skills needs, [126]

(c) to monitor succession planning, maintenance and education, development and training of human resources, alignment with diversity, equality and inclusion of the Authority,[127]

(d) to monitor the Performance Management System in relation to the clarification of the objectives, measurable targets and key performance indicators on an annual basis,

(e) to monitor the impact of the workforce on the value of the Authority in terms of cost, productivity, quality and revenue,[128]

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[119] Administrative Order 3.1.d and Administrative Order 3.1.f.
[120] ICGN21 5
[121] ICGN21 5.8
[122] ICGN21 4.8
[123] Administrative Order 3.1.e.
[124] ICGN21 3.5 & 3.6
[125] ICGN21 7.6
[126] Administrative Order 3.1.f
[127] ICGN21 7.6
[128] ICGN21 7.6

(f) to prepare an Annual Human Capital Management Report,[129]

(g) to consider any matters relating to the Personnel of the Authority,

(h) to supervise the health and safety system of the Authority's personnel.

6.4.6 The Personnel Committee shall also act as the Nomination Committee and shall have the following powers:[130]

(a) to make proposals to the Board on the qualifications and profiles of the Members of the Board, the Chief Executive Officer and the Senior Managers131 taking into account the diversity among the Members of the Board and the Authority's leadership team,[132]

(b) to evaluate and make recommendations to the Board on the composition of the Board, the Directorate and the Organisational Structure of the Authority,[133]

(c) to propose to the Board the procedure for the recruitment of the Chief Executive Officer and Senior Managers, [134]

(d) to propose to the Board the performance indicators of the Chief Executive Officer,

(e) to consult with the State on the succession of the Members and the Chief Executive Officer,[135]

(f) to appoint external consultants for the evaluation of the Board,

(g) to examine issues of incompatibility and/or conflict of interest of Members, the Directorate or Personnel.

6.4.7 The Personnel Committee shall also act as the Authority's Remuneration Committee with the following duties and responsibilities:[136]

(a) to determine and recommend to the Board the Authority's remuneration philosophy and policy, which should take into account the Authority's overall pay and employment conditions and human capital management strategy,

[129] ICGN21 7.6
[130] ICGN 3.6
[131] Administrative Order 3.1.a and Administrative Order 6.1.a
[132] Administrative Order 6.1.d
[133] Administrative Order 3.1.c
[134] Administrative Order 3.1.b
[135] Administrative Order 6.1.a
[136] ICGN21 5.10

(b) to monitor and evaluate the short and long-term incentives and benefits, including pension arrangements,

(c) to appoint, including through its own selection and involvement, an independent remuneration adviser,

(d) to consider sustainable capital allocation in the development of remuneration structures through the use of metrics,

(e) to maintain appropriate communication with the State and the Stakeholders on remuneration issues, either directly or through the Board,

(f) to evaluate the performance of the Chief Executive Officer and to recommend to the Board the payment and the amount of the variable remuneration based on his/her performance. It shall also recommend to the Board the payment and the amount of the variable remuneration of the Senior Managers based on their performance, following an evaluation made and submitted by the Chief Executive Officer; and

(g) to prepare and submit the Annual Remuneration Report to the Board.

6.4.8 It should be noted that the Chief Executive Officer shall not attend meetings of the Personnel Committee at which matters relating to the position of the Chief Executive Officer are discussed, including matters relating to the duties, recruitment, profile, qualifications, performance indicators or succession of the Chief Executive Officer.

6.5 Remuneration of the Chief Executive Officer and Senior Managers[137]

6.5.1 The Board is responsible for ensuring that the remuneration of the Chief Executive Officer and Senior Managers:

(a) is reasonable and fair in both structure and amount, and is determined in the context of the Authority's values, internal reward structures and competitive conditions,

(b) takes into account the expectations of shareholders, stakeholders and social norms,

(c) the level of remuneration of the average employee of the Authority and of similar employees in other companies is taken into account,

(d) is structured in a simple manner that is consistent with the Authority's purpose and long-term strategy,

[137] ICGN21 5.1, 5.2

(e) the wage level shall be balanced with the level of variable pay based on performance; and

(f) the distribution of pension benefits shall be consistent across the Authority so that the Chief Executive's and Senior Management's pension contributions are in line with those of the workforce.

6.5.2 The Board exercises discretion in determining the annual variable remuneration, if any, for the Chief Executive Officer and Senior Managers.

6.6 Performance Management Plans[138]

6.6.1 The Authority shall maintain Personnel Performance Management Plans linked, where possible, to the promotion and remuneration of the Authority's Chief Executive and Senior Management and personnel.

6.6.2 Performance Management Plans and Incentive Plans affecting the remuneration or promotion of the Authority's personnel:

(a) should incorporate the implementation of policies, principles, values, and ethics, as well as the understanding of the public purpose, objective, vision, mission and strategy of the Authority, as an objective and as a condition for the provision of any benefit,[139]

(b) should also incorporate risk assessment as an objective, so that there is no reward for taking inappropriate risks to the detriment of the Authority, its shareholders and Stakeholders,[140]

(c) the measurements must be rigorous and measured at times and with methodologies that help to ensure that performance or promotion pay is directly linked to the creation and maintenance of long-term sustainable value in the Authority,

(d) in addition to financial performance measurements, the measurement indicators include metrics that are important in creating and maintaining the sustainable value of the Authority and its public purpose; and

(e) measurements must be based on audited financial data and, where possible, assured sustainability indicators and indicators of the achievement of the Authority's public purpose by independent measurements.

6.6.3 Where benefits are granted under Performance Management Plans or Incentive Plans, they should include provisions allowing the Authority to

[138] ICGN21 5.3, 5.4 & 5.9 and Administrative Order 3.1.g
[139] Administrative Order 1.1.c and Administrative Order 1.1.e
[140] Administrative Order 4.1.g

withhold the payment of any amount ("malus") or to recover the amounts paid ("clawback") in the event of serious misconduct or material misstatement of the Authority's financial statements, metrics or indicators.

6.7 Annual Remuneration Report[141]

6.7.1 The Board shall approve and publish an Annual Remuneration Report that:

(a) sets out a clear and understandable remuneration policy which is consistent with the public purpose and long-term strategic objectives of the Authority,

(b) explains the overall approach and strategy of the Authority in relation to human resources,

(c) facilitates comparability and accountability,

(d) indicates how the benefits were considered appropriate in the context of the Authority's performance and long-term strategic objectives,

(e) indicates whether the remuneration consultants were involved in the procedure,

(f) Members and persons of the Chief and Senior Management are referred to on individual basis,

(g) refers to benefits other than cash, such as directors' and officers' insurance, pension benefits, fringe benefits and severance arrangements, if any,

(h) explains the Board's judgement on the allocation of annual variable remuneration, if any, to the Chief Executive Officer and Senior Managers; and

(i) explains any significant changes in the remuneration structures of the Chief and Senior Management.

6.8 Technological and IT Solutions[142]

6.8.1 The Board shall ensure that the Authority has appropriate technological and IT solutions in place to improve the functioning and efficiency of the Authority in areas such as finance, human resources, management systems and the wider operations of the Authority.

6.8.2 The Board shall develop a Technology and IT Strategy Policy which shall be reviewed annually.

[141] ICGN21 5.8 & 5.5

[142] Administrative Order 3.2.a

6.9 Organisational Structure

6.9.1 The Board shall ensure that there is an appropriate organisational structure143 and that the Management and personnel have the appropriate skills, qualifications, culture and mindset.

7. PRINCIPLES OF GOVERNANCE

7.1 Ethics[144]

7.1.1 The Board shall define and promote common fundamental ethical principles and high standards of business conduct for both the Authority and its personnel and shall ensure that these values are part of the culture of the Authority.

7.1.2 The principles of ethics shall be set out in the relevant Code of Ethics and Conduct developed by the Board and compliance with them shall be mandatory for the Members, Management and Personnel of the Authority and shall be a measure of decision-making by all decision-makers in the Authority.

7.1.3 The following fundamental principles should be included in the Authority's Code of Ethics and Conduct:[145]

(a) ethics,

(b) selflessness,

(c) integrity and impartiality,

(d) objectivity,

(e) responsibility and accountability,

(f) transparency,

(g) honesty,

(h) leadership by example,

(i) diligence and efficiency,

(j) legality,

(k) good administration,

(l) confidentiality,

[143] Administrative Order 3.1.c
[144] ICGN21 4.5 and Administrative Order 1.1.c and Administrative Order 6.4.a
[145] Administrative Order 1.1.a

(m) liability and

(n) sound judgement.

7.1.4 The Code of Ethics and Conduct shall be effectively integrated into the Authority's strategy and operations, including its remuneration systems and structures.

7.1.5 The Code of Ethics and Conduct and compliance therewith shall be evaluated by the Board regularly, at least once (1) a year.

7.2 Corruption[146]

7.2.1 The Anti-Fraud, Bribery and Corruption Policy should also set out the Authority's policy on political lobbying and donations.[147]

7.2.2 The Anti-Fraud, Bribery and Corruption Policy and compliance therewith shall be evaluated by the Board regularly, at least once (1) a year.

7.3 Conflict of Interest[148]

7.3.1 The Board, the Management and the Personnel of the Authority shall act impartially and independently of any interest and shall take care to be and to appear impartial.

7.3.2 The Board shall develop a Policy on the Identification and Management of Conflicts of Interest in accordance with current international standards for such policies and subject to the limitations set out in the Law.

7.3.3 The Policy on the Identification and Management of Conflicts of Interest shall:149

(a) Provide for a mechanism by which personnel and members to understand and implement conflict of interest policies and procedures,

(b) Provide that where a person has a conflict of interest on a collective or other body, the interest shall be declared and the person concerned shall be excluded from participating in the processes, decision-making or influencing the decision in any way; and

(c) Recognise the Authority's relationship with the State, the public purpose of the Authority, the fact that the Authority is not only a business organisation but also a public policy axis, and define, as far as possible, the legitimate limits of the Board's exercise of public policy.

[146] ICGN21 4.1
[147] ICGN21 4.3
[148] Application of ICGN21 1.1.g and D1.1.d
[149] ICGN21 9.3 and Administrative Order 1.1.d

7.3.4 The Policy on the Identification and Management of Conflicts of Interest and compliance therewith shall be evaluated by the Board regularly, at least once (1) a year.

7.4 Diversity, Equality and Inclusion[150]

7.4.1 The Board, Management and Personnel of the Authority should, as far as possible, be a genuinely diverse group of members in order to ensure effective, fair and inclusive decision-making in line with the Authority's purpose and taking into account the interests of Stakeholders.[151]

7.4.2 The Board shall develop a Diversity, Equality and Inclusion Policy in line with current international standards for such policies and subject to the limitations set out in the Law.

7.4.3 The Diversity, Equality and Inclusion Policy considers factors such as diversity, equity, and representation in relation to:

(a) gender,

(b) age,

(c) nationality,

(d) ethnicity,

(e) social and economic background,

(f) professional skills; and

(g) personal characteristics.

7.4.4 The Board should maintain and publish annually, to the extent permitted by law, the Diversity, Equality and Inclusion Policy in relation to the Authority and relevant improvement targets should be set and updated annually.

7.5 Human Rights[152]

7.5.1 The Board shall develop, maintain and review a Human Rights Policy which shall provide for due diligence processes, strategy, disclosure, engagement, accountability and other measures to address human rights issues that may arise in relation to the Authority's workforce and operations.

7.6 Confidentiality

[150] ICGN21 3.1
[151] Administrative Order 6.1.d
[152] ICGN21 4.7

7.6.1 The Board shall ensure that the confidentiality of the Authority's information is respected by the Members, Management and Personnel.

7.6.2 In particular, and without limiting the general responsibility for confidentiality, the confidentiality of business moves, technical developments, offers and estimates under consideration, as well as the views and concerns expressed by the Board, should be ensured.

7.6.3 It is clarified that the publication of final decisions and their reasons, which are not confidential, may be postponed until implementation has begun.

7.7 Quality of Services

7.7.1 The Board shall ensure that the Management has the means to measure the quality of service to users and that it has the information it needs to assess quality frequently and effectively.

7.8 Sustainable Development

7.8.1 The Board shall ensure that the Authority is committed to the principles and values of Sustainable Development.

7.8.2 The Board shall develop, maintain and review, at least annually, a Sustainable Development Policy.

7.8.3 The Sustainable Development Policy shall include at least:

(a) the link between sustainable development and the public purpose, objective, vision, mission, values, business model, strategy and risk management of the Authority,[153]

(b) the application of double materiality, which includes both the measurement of the impact of the Authority's activities on society and the environment, as well as on the Authority's financial performance,

(c) the adoption of dynamic materiality in relation to changing regulatory, technological, economic, social and other conditions and sensitivities,[154]

(d) the prioritisation of sustainable development issues,

(e) the adoption of targets, performance indicators and metrics related to sustainable development; and

(f) the selection and adoption of standards and reference frameworks related to sustainable development.[155]

[153] ICGN21 7.7
[154] ICGN21 7.7
[155] ICGN21 7.8

7.8.4 The Board shall establish a Sustainable Development Strategy Committee to operate on the basis of an approved charter and to provide oversight, communication and reporting in relation to the Authority's sustainable development and climate change issues.

7.8.5 The Board shall establish a permanent Sustainable Development Service within the Authority's organisational chart. The Sustainable Development Service shall:

(a) be responsible for the Holistic Management of Sustainable Development of the Organization,

(b) participate in the definition of the sustainable development objectives and strategy, and coordinate and manage their dissemination and implementation throughout the Authority,

(c) establish and monitor indicators to ensure the timely and effective implementation of the projects and actions planned for their improvement,

(d) manage the implementation of projects and activities resulting from the Holistic Management of Sustainability; and

(e) report progress on relevant issues to the hierarchy and to the Sustainable Development Strategy Committee.

7.8.6 The Board shall, at least once (1) a year, prepare an Annual Sustainable Development Report which shall highlight the complexities inherent in a modern business involving financial, human and physical capital in the context of the Authority's current and future strategic direction and the manner in which these are managed.[156]

7.8.7 The Annual Sustainable Development Report shall:[157]

(a) be linked to the Authority's public purpose, vision, mission, values, business model, strategy and associated risks and opportunities,

(b) include historical performance and reflect Authority's risks, opportunities and prospects for the future,

(c) be accessible and include appropriate financial information,

(d) explain the key performance indicators used to measure progress towards sustainability objectives,

[156] ICGN21 7.4

[157] Administrative Order 5.1.i

(e) be based on external standards that allow comparisons between companies or use evidence-based estimates where external measurements are not available; and

(f) where possible, be supported by an annual audit or independent assurance, taking into account established disclosure standards.

7.8.8 The Annual Sustainable Development Report shall include the Authority's report on climate change impacts, targets, due diligence process, strategy, measurements, other initiatives and progress towards a zero-carbon footprint.[158]

7.8.9 The Annual Sustainable Development Report may be a dynamic document with update periods shorter than one year; however, the data for the relevant period should be recorded in a permanent form at least once (1) a year.

7.9 Climate Change

7.9.1 The Board should assess the impact of climate change on the Authority's business model and the way how it will adapt to meet the needs of a zero-carbon economy as part of a long-term strategy.[159]

7.9.2 The Board shall determine and make public:[160]

(a) a target for the reduction of carbon dioxide emissions and the period for achieving a zero-carbon footprint; and

(b) the due diligence process, strategy, metrics, targets and initiatives to be used to manage climate change risks.

7.9.3 Climate change issues in general will be the focus of the Sustainable Development Strategy Committee and the related service of the Authority and in relation to risk they will be the focus of the Risk Committee and related service of the Authority.

7.10 Taxation

7.10.1 The Board shall ensure that, in relation to taxation, the Authority operates not only within its obligations under the Law but also within the framework of accepted social trends.[161]

7.11 Training

[158] ICGN21 7.5
[159] ICGN21 7.5
[160] ICGN21 7.5
[161] ICGN21 4.9

7.11.1 The Board shall ensure that appropriate due diligence and monitoring programmes are in place to enable personnel to understand and successfully implement the policies, principles, values, ethics, public purpose, objectives, vision, mission and strategy of the Authority.[162]

7.12 Complaints Mechanism

7.12.1 The Board shall ensure, through a relevant Policy, that the Authority has an independent and confidential mechanism through which any employee, business partner (customers, partners and suppliers) or third-party stakeholder ("the Reporting Persons") may disclose or report concerns that may constitute a violation of the Authority's Code of Ethics and Conduct, the Authority's Values, the Law or any other Policy or procedure.[163]

8. DIALOGUE, COMMUNICATION AND ACCOUNTABILITY[164]

8.1 General Obligation

8.1.1 The Board should provide timely and reliable information, dialogue and accountability to the State as owner and to other Stakeholders on relevant matters:[165]

(a) public purpose,

(b) financial position,

(c) corporate and public governance,

(d) sustainability,

(e) performance,

(f) business model and operating model,

(g) purpose, vision, mission and values,

(h) corporate and business strategy[166], and

(i) the Authority's long-term prospects.

8.1.2 The above obligation shall in no way require the Board or any other body or person within the Authority to disclose information which is of a confidential nature or which may adversely affect the business of the Authority.

[162] ICGN21 4.5 and Administrative Order 1.1.c Administrative Order 2.1.e
[163] ICGN21 4.2 and Administrative Order 1.1.c
[164] Administrative Order 1.1.b and Administrative Order 1.2.b
[165] ICGN21 7 and Administrative Order 5.1.g
[166] Administrative Order 2.1.e

8.2 Dialogue[167]

8.2.1 The Board shall ensure that the Authority communicates, engages in dialogue and maintains positive relations with Stakeholders at different hierarchical levels in order to take account of their comments and views, to identify their legitimate needs and expectations and as a basis for effective cooperation.168

8.2.2 The Management shall ensure that:

(a) the procedures are followed to ensure that the views of service users, other Stakeholders and the public are heard regarding their needs and the appropriateness and quality of services provided.

(b) the service seeks and welcomes comments, complaints and observations and monitors that they are responded to in a timely and responsible manner.

(c) feedback is responded to promptly, that problems are handled and resolved, and that the Authority's services/products are improved in response to the changing needs of the public.

8.3 Communication169

8.3.1 The Board has communication channels for meaningful dialogue with Stakeholders.

8.3.2 The Board shall develop, maintain and review annually at least the following policies in relation to communication:

(a) Strategic Communication Policy170 and

(b) Sponsorship Policy.

8.3.3 The Board shall ensure that the Authority has reliable and appropriate Strategic Communications services which operate independently of the Authority's Commercial Communications services.

8.3.4 The Strategic Communication service shall report to the Board on issues relating to the Authority's communication, dialogue and accountability.

8.4 Accountability and Reporting

8.4.1 The Board is responsible for presenting a balanced and understandable assessment of the Authority's position and long-term prospects in the annual report and financial statements, so that owners and other Stakeholders can

[167] ICGN21 4.6
[168] Administrative Order 1.2.c
[169] ICGN21 4.6
[170] Administrative Order 1.2.b

evaluate the Authority's financial performance, strategy and long-term prospects.171

8.4.2 This responsibility extends to factors related to sustainability that affect the Authority's performance and long-term value creation, such as human and physical capital.

The Board should approve and disclose important information in a timely manner in the annual report or other public record as required by State and Stakeholder regulations to evaluate the corporate position, performance, strategy, and long-term perspectives.[172]

8.5 Annual Report

8.5.1 In order to implement the reporting obligation, the Board should, at least once (1) a year, develop an Annual Report in accordance with Section 22 of the Law.[173]

8.5.2 The Annual Report shall include at least:[174]

(a) the Financial Statements,[175]

(b) the External Auditor's Report on the financial statements,

(c) the Annual Sustainable Development Report,[176]

(d) the Annual Governance Report,[177]

(e) relevant information from the Annual Audit Report,

(f) relevant information from the Annual Remuneration Report,

(g) relevant information from the Annual Human Resources Management Report,[178]

(h) relevant information from the Annual Capital Allocation Report,[179]

(i) relevant information from the Annual Risk Management Report and, in particular, the management of risks related to personnel safety,[180]

[171] ICGN21 7.1
[172] ICGN21 7.2
[173] ICGN21 7
[174] Administrative Order 5.1.g
[175] Administrative Order 5.1.i
[176] ICGN21 7.4 and Administrative Order 5.1.i
[177] Administrative Order 5.1.h
[178] ICGN21 7.6
[179] ICGN21 7.9
[180] ICGN21 4.8

(j) information on the composition and work of each of the Committees of the Board,[181]

(k) information on the results, performance and achievements of each service and subsidiary during the reporting period.

8.5.3 The Annual Sustainable Development Report may be issued separately from, and at a different time from, the Authority's Annual Report.

8.6 Financial Statements[182]

8.6.1 Having regard to the obligations imposed by law or regulations, the information provided in the financial statements shall:

(a) give a true and fair view of the events they purport to reflect,

(b) be generally neutral and describe the activity in a fair and impartial manner,

(c) in cases of uncertainty, the principle of prudence should be applied so that assets and income are not overstated and liabilities and expenses are not understated,

(d) the principle of substance over form shall be applied,

(e) disclose any off-balance sheet items as appropriate,

(f) be appropriately verifiable so that the same conclusion/result is reached when a systematic approach and methodology is used,

(g) be presented in such a way as to allow comparisons of the Authority's performance both over time and with other companies; and

(h) recognise the principle of correlation, whereby expenses are correlated with income.

8.6.2 As financial accounting standards evolve to include the assessment of climate-related issues in the financial statements, the Board should apply these standards in the financial statements and related audits.

8.6.3 The Board should ensure that the annual report and financial statements of the Authority give a true and fair view of the position and long-term prospects of the Authority.

[181] Administrative Order 6.1.g
[182] ICGN21 7.3

9. REGISTER OF THE BOARD'S POLICIES

1. Code of Ethics and Conduct
2. Board Member Induction Policy,
3. Corporate Risk Management Policy,
4. Business Continuity Policy,
5. Crisis Management Policy,
6. External Audit Management Policy,
7. Whistleblowing Policy
8. Sponsorship Policy,
9. Strategic and Operational Planning Policy,
10. Capital Allocation Policy,
11. Treasury Policy,
12. Property Management Policy,
13. Capital Expenditure Policy,
14. Personnel Recruitment and Promotion Policy,
15. Performance Management, Target Setting and Personnel Assessment Policy,
16. Remuneration and Incentive Policy,
17. Personnel Succession and Staffing Planning Policy,
18. Personnel Safety and Health Policy,
19. Personnel Development Policy,
20. Anti-Fraud, Bribery and Corruption Policy,
21. Policy on the Identification and Management of Conflicts of Interest,
22. Diversity, Equality and Inclusion Policy,
23. Human Rights Policy,
24. Sustainable Development Policy,
25. Strategic Communication Policy,
26. Privacy Policy

27. Information Security Policy
28. Policy on Preventing and Combating Harassment and Sexual Harassment
29. Customer Credit Policy
30. Out-of-Court Settlements Policy

10. REGISTER OF ANNUAL REPORTS

1. Annual Report of the Authority,
2. Annual Sustainable Development Report,
3. Annual Governance Report,
4. Annual Audit Report,
5. Report of the External Auditor on the Financial Statements,
6. Annual Capital Allocation Report,
7. Annual Risk Management Report,
8. Annual Business Continuity Report,
9. Annual Human Capital Management Report,
10. Annual Remuneration Report,
11. Annual Regulatory Compliance Report.

11. REGISTER OF GOVERNANCE DOCUMENTS

1. Governance Charter
2. Single Document of Delegation of Powers
3. Single Document of Matters of Exclusive Competence of the Board
4. Rules of Procedure of the Board
5. Rules of Procedure of the Executive Management Board
6. Rules of Procedure of the Central Tender Board
7. Appointment of Committees
8. Committee Charters
9. Internal Audit Charter
10. Policy Review Framework
11. Statement of Purpose, Vision, Mission and Values of the Authority
12. Strategic Plan
13. Operational Plan
14. Budget
15. List of Stakeholders
16. Organisational Structure
17. Corporate Risk Management Framework
18. Risk Appetite Framework
19. Crisis Management Plans
20. Business Continuity Plans
21. Succession Plans

12. REGISTER OF LAWS AND REGULATIONS RELEVANT TO THE OPERATION AND PURPOSE OF THE AUTHORITY

1. The Telecommunications Service Law (Cap. 302)
2. The General Personnel Regulations of Cyprus Telecommunications Authority
3. Employees' Pensions Regulations of Cyprus Telecommunications Authority (Regulatory Administrative Act.360/2014)
4. The Certain Legal Entities under Public Law (Appointment of Boards of Directors) Law (L.149/1988),
5. The General Principles of Administrative Law [Law 158(I)/1999]
6. The Regulation of Electronic Communications and Postal Services Laws [L.112(I)/2004]
7. The Protection of Competition Law [Law 13(I)/2008]
8. The Law on Fiscal Responsibility and Financial Framework [Law 20(I)/2014]
9. The Legal Entities under Public Law (Appointment of Directors General) Law [Law 115/1990]
10. The Legal Entities under Public Law (Budget Voting) [Law 194/1987]
11. The Professional Incompatibility of Certain Officers of the Republic for Certain Professional and Other Related Activities Law [Law 7(I)/2008]
12. The Certain Publicly Exposed Persons and Certain Officials of the Republic of Cyprus (Property Declaration and Control) Law [Law 50(I)/2004]
13. The Legal Entities under Public Law (Investments) [Law100/1991]
14. The Intellectual Property Right and Related Rights Law [Law 59/1976]
15. The Law on the Submission of Data and Information to the Auditor General of the Republic [Law 113(I)/2022]
16. Constitution of the Republic of Cyprus
17. The Law on Retirement Benefits of Employees and Employees of the Broader Public Sector including Local Government Authorities (Provisions of General Implementation) [Law 113(I)/2011]
18. The Retention of Telecommunication Data for the Purpose of Investigation of Serious Criminal Offences Law [Law 183(I)/2007]

ICGN 2021

1. Board Role & Responsibilities

1.1 Responsibilities: included in 3.2.2 except for item **Error! Reference source not found.** which relates to the appointment of Members, which is the responsibility of the Council of Ministers under the Law.

1.2 Director's Duties: included in 3.3.

1.3 Director's Duties in Company Groups and Subsidiaries: included in 5.16.

1.4 Dialogue: provided for in 8.2, the protocol remains.

1.5 Commitment: included in 3.6 and 3.3.

1.6 Directorships: included in 3.3.1**Error! Reference source not found.** and 3.6

1.7 Committees: included in 5.10.

1.8 Advice: included in 5.1, 5.8.5 and 5.8.6.

2. Leadership and Independence

2.1 Independent Leadership: included in 5.8, 5.7, 3.4, 3.5 and 4.2.

2.2 Independence Levels: included in 3.1.3.

2.3 Role of the Chair: included in 3.4.

2.4 Lead Independent Director: included in 3.5.

2.5 CEO succession to Chair: excluded by law.

2.6 Independence Criteria: the independence is determined in the Law, see: 3.1.3.

2.7 Independent Meetings: provided for in 3.1.7.

3. Composition and Appointment

3.1 Diversity, Equity and Inclusion: provided for in 7.4

3.2 Gender Diversity: Excluded because the composition of the Board is determined by the Council of Ministers pursuant to the relevant legislation and does not fall within the competence of the Board.

3.3 Evaluation: provided for in 3.7

3.4 Tenure: provided for in the Law.

3.5 Appointments: provided for in 6.4.6

3.6 Nomination Committee: provided for in 6.4.6

3.7 Director Election Process: the process for the election of members is provided for in the Law.

3.8 Shareholder Nominated Directors: all Members are appointed by the State on the basis of the Law.

4. Corporate Culture

4.1 Anti-Corruption: included in 7.2

4.2 Whistleblowing: included in 7.12

4.3 Political Lobbying: included in 7.2.1

4.4 Employee Share-dealing: not applicable

4.5 Behavior and Conduct: included in 7.1

4.6 Stakeholder Relations: provided for in 6.2, 8.2, 8.3 and 8.4

4.7 Human Rights: included in 7.5 and 5.12.9(l)

4.8 Workforce Safety: included in 6.4.2(e),5.12.9(k) and 8.5.2(i)

4.9 Tax Policy: provided for in 7.10

5. Remuneration

5.1 Level: included in 6.5

5.2 Structure: included in 6.5

5.3 Performance Measures: included in 6.6

5.4 Malus and Clawback: included in 6.6

5.5 Disclosure: included in 6.7

5.6 Share Ownership: not applicable due to legal structure

5.7 Remuneration Policy: determined by the Budget Law

5.8 Annual Remuneration Report: included in 6.7

5.9 Workforce Incentives: included in 6.6

5.10 Non - Executive Remuneration: included in **Error! Reference source not found.**

5.11 Remuneration Committee: included in 6.4.7

6. Risk Oversight

6.1 Proactive Assessment: included in 5.12.5

6.2 Comprehensive Approach: Provided for in 5.12.9(g) and 5.12.9(j)

6.3 Risk Culture: provided for in 5.12.9(c)

6.4 Dynamic Process: provided for in 5.12.9(a), 5.12.9(b) and 5.12.9**Error! Reference source not found.**

6.5 Risk Committee: provided for in 5.12.3

7. Corporate Reporting

7.1 Responsibility: provided for in 8.4.1 and 8.4.2

7.2 Materiality: provided for with regard to the financial statements in section 8.6.

7.3 Financial Reports: provided for in 8.6

7.4 Sustainability Reports: provided for in 7.8.6

7.5 Climate Change: provided for in 7.9.1, 7.9.2 and 7.8.8

7.6 Human Capital Management: provided for in 6.4.1, **Error! Reference source not found.**(a), 6.4.5(c), 6.4.5(d), 6.4.5(e), 6.4.5(f), 6.4.5(h)

7.7 Materiality and Sustainability: provided for in 7.8.3(b) and 7.8.3(c)

7.8 Sustainability Standards: provided for in 7.8.3(f)

7.9 Capital Allocation: provided for in 6.3 and 8.5.2(h)

7.10 Solvency: provided for in 5.12.5(h), 5.13.7(p)

8. Internal & External Audit

8.1 Internal Audit: included in 5.13.1, 5.13.2(a) and 5.13.8

8.2 External Audit: included in 5.14 and 5.13.2(b)

8.3 Audit Committee: included in 5.13.3, training in **Error! Reference source not found.** and 5.13.5, independence in 5.13.6 and duties in 5.13.7

8.4 Audit Committee Report: included in 5.13.7(o) and 5.13.11

8.5 External Auditor Report: included in 5.14.7

8.6 Shareholder Approval

8.7 Auditor Resignation: provided for in **Error! Reference source not found.**

8.8 Audit Rotation: provided for in 5.14.6

9. Shareholder Rights

9.1 Share Classes: not applicable

9.2 Conflicts of Interest: provided for in 7.3.3, but differs in that the Authority is a government policy axis and not all its decisions are subject to the principle of independence from the State

9.3 Related Party Transactions: not applicable

9.4 Shareholder Approval of RPT's: not applicable

9.5 Shareholder Registration: not applicable

9.6 Equality and Redress: not applicable

10. Shareholder Meetings

10.1 Shareholder - Called Meetings: implemented through the Minister's power to issue directives and to request information provided for in **Error! Reference source not found.**

10.2 Meeting Format: not applicable.

10.3 Meeting Notice: not applicable.

10.4 Meeting Procedures: not applicable.

10.5 Shareholder Identification: not applicable.

10.6 Shareholder Questions: implemented through the Minister's power to issue directives and to request information provided for in 2.9

10.7 Shareholder Proposals: not applicable.

10.8 Thresholds: not applicable.

10.9 Vote Execution: not applicable.