

General Decision **No. 23** of March 10, **2020**, of the Financial Market Council on the criteria and procedures for appointing independent members to the board of directors and supervisory board and the representative of minority shareholders

The Financial Market Council, meeting on March 10, 2020,

Having regard to Law No. 94-117 of November 14, 1994, on the reorganization of the financial market, as amended and supplemented by subsequent texts, in particular Law No. 2019-47 of May 29, 2019, on improving the investment climate, and in particular Articles 28 and 31 thereof,

Having regard to the general regulations of the Tunis Stock Exchange, as referred to in the decree of the Minister of Finance of February 13, 1997, and amended and supplemented by subsequent texts, in particular the decree of the Minister of Finance of August 15, 2019, and in particular Article 38 thereof,

Decides:

Preamble

Without prejudice to special regulatory provisions, the purpose of this general decision is to establish the criteria and procedures for appointing independent members to the board of directors and the supervisory board and the representative of minority shareholders, in accordance with Article 38 of the general regulations of the Tunis Stock Exchange.

A minority shareholder is defined as any shareholder individually holding no more than 0.5% of the capital and institutional investors individually holding no more than 5% of the capital.

Chapter One

Criteria and procedures for appointing independent members to the board of directors and the supervisory board

Section 1

Call for applications and eligibility criteria

Article 1:

Prior to the appointment of independent members, the board of directors or the management board of the company must publish a call for applications at least ten (10) days before the deadline for applications.

The call for applications must include at least the following information:



- The purpose of the call for applications,
- The eligibility criteria including in particular the criteria for scientific qualifications, competence, and experience,
- The composition of the application file,
- The application submission process,
- The deadline for receipt of applications
- The application review process.

Application forms and sworn statements must be attached to the call for applications.

The call for applications shall be published at the company's expense in the official bulletin of the Financial Market Council and on the website of the Tunis Stock Exchange.

Article 2:

All candidates for the position of independent member of the board of directors or supervisory board must meet the requirements of good repute, integrity, impartiality, honesty, confidentiality, and competence and experience appropriate to their duties.

They must be a natural person and enjoy full civil rights. Article 3:

Ne peuvent être candidat au poste de membre indépendant du conseil or supervisory board

- Persons in any of the situations set out in Articles 193 and 256 of the Commercial Companies Code,
- Any person who has been convicted of a final judgment for violating foreign exchange regulations or legislation relating to the fight against terrorism and the suppression of money laundering,
- Persons who have been subject to a sanction of deregistration and/or withdrawal of approval or authorization to exercise a regulated professional activity.

Article 4:

Candidates for the position of independent member of the board of directors or supervisory board must not, on the date of submission of their application, no direct or indirect interest in the company concerned, its shareholders, its directors, the members of the supervisory board, the members of the management board, or any third party, that could affect the independence of their decision-making and the confidentiality of information or place them in a situation of actual or potential conflict of interest.



Article 5:

All candidates must meet the following criteria

Not be or have been, in the five (5) years prior to submitting the application:

- chief executive officer, managing director, deputy managing director, chairman of the board, sole managing director, or employee of the company concerned,
- chief executive officer, managing director, deputy managing director, chairman of the board, sole managing director, or employee of a company belonging to the same group as the company concerned.

- Not be the chief executive officer, managing director, deputy managing director, chairman of the board of directors, or sole managing director of a company in which the company concerned is directly or indirectly a director or member of the supervisory board, or in which the chairman of the board of directors, the chief executive officer, the deputy chief executive officer, the chairman of the management board or the sole chief executive officer of the company concerned (currently or for the past five years) or an employee thereof, is a director or member of the supervisory board.

Not be an ascendant, descendant, or spouse of:

- the chief executive officer or managing director or deputy managing director or chairman of the management board or employee of the company concerned,
- the chief executive officer, managing director, deputy managing director, chairman of the management board, or employee of a company belonging to the same group as the company concerned.

- Not be a service provider, in particular an advisor or banker, supplier, or customer of the company concerned.
- Not hold a direct stake in the capital of the company concerned or an indirect stake as the spouse, ascendant, or descendant of the chief executive officer, managing director, deputy managing director, chairman of the board of directors, sole managing director, or an employee of the company.

Not be, at the same time, a member of the board of directors, supervisory board, or executive board of another company listed on the stock exchange operating in the same sector of activity or of a company belonging to the same group.

- Not be the chief executive officer, managing director, deputy director, chairman of the management board, director general, manager

shareholder, partner, or employee of a company that has financial, professional, commercial, or contractual ties to the company concerned or to a competing company.

- Not engage in any professional activity directly or indirectly related to the financial market and/or the dissemination of financial or other information.
- Not be a member of an association whose purpose is directly or indirectly related to the financial market.

Article 6:

Candidates for the position of independent member of the board of directors or supervisory board must meet the qualification, competence, and experience criteria set out in the call for applications.

They must have at least a master's degree (or equivalent qualification) and at least 10 years' professional experience in the specialty or sector of activity specified in the call for applications.

Section II

Preparation and submission of the application file

Article 7:

The application file must include at least the following documents:

- an application addressed to the chair of the board of directors or the executive board, introducing the candidate, the reasons for their application, and their benefits,
- an application form in accordance with the template provided in the call for applications, the candidate's curriculum vitae,
- a copy of an identity document,
- a sworn statement, duly completed and signed by the candidate, certifying that they meet the eligibility criteria set out in this general decision and in the call for applications,

An extract from the criminal record (Bulletin number 3) dated less than 3 months prior to the date of submission of the application file,

- the documents proving the candidate's skills and qualifications as stated in the resume.

Article 8:

The application file must be sent or submitted to the company by any means that leaves a written record within the deadlines and according to the terms and conditions set out in the call for applications.

Any application file that is incomplete or received after the deadline will not be considered.

Section III Selection of candidates

Article 9:

In the absence of a nomination committee within the company, the company must establish a process for reviewing applications, including a methodology for evaluating applications. This process shall be disclosed to shareholders in the annual management report.

Candidates are selected after review and evaluation of applications received within the deadlines specified in the call for applications and taking into account whether they meet the requirements set out in the company's application review process.

A preliminary list of candidates admitted to the competition is drawn up by the board of directors or the executive board, on the recommendation, where applicable, of the nomination committee or any other committee or commission created for this purpose. This list is sent to the Financial Market Council for its opinion before the candidates are finally approved by the ordinary general meeting.

The Financial Market Council may reject any candidate on the list if the candidate's choice does not comply with the provisions of this general decision.

The prior opinion of the Financial Market Council is not required for companies whose directors or members of the supervisory board are subject to the approval of a supervisory or regulatory authority.

Article 10:

Successful candidates shall be notified of their selection at least twenty-one (21) days before the ordinary general meeting is held.

Article 11:

The company shall make the following information relating to the selected candidates available to shareholders at least twenty-one (21) days before the ordinary general meeting, as an appendix to the draft resolutions:

- Name, surname, and date of birth of the candidates,
- degrees and qualifications
- professional activities over the last ten (10) years, in particular the positions they hold or have held in other companies.

Chapter II
Criteria and procedures for appointing the representative of minority
shareholders, member of the board of directors or supervisory board.

Section 1
Call for applications and eligibility criteria

Article 12:

Prior to appointing a representative of minority shareholders, the board of directors or the company's executive board must publish a call for applications at least ten (10) days before the deadline for applications.

The call for applications must include at least the following information:

- The purpose of the call for applications,
- The eligibility criteria and in particular the criteria for scientific qualifications, competence, and experience,
- The composition of the application file,
- The application submission process,
- The deadline for receipt of applications,
- The application review process.

Application forms and sworn statements must be attached to the call for applications.

The call for applications shall be published at the company's expense in the official bulletin of the Financial Market Council and on the website of the Tunis Stock Exchange.

Article 13:

"All candidates for the position of minority shareholder representative must meet the requirements of good character, integrity, impartiality, honesty, confidentiality, and competence and experience appropriate to their duties.

He or she must be a natural person and enjoy full civil rights. Article 14:

The following persons may not be candidates for the position of director representing minority shareholders

Persons in any of the situations set out in Articles 193 and 236 of the
Commercial Companies Code,



- Persons who have been convicted of an offense under foreign exchange regulations or legislation relating to the fight against terrorism and the suppression of money laundering,
- Persons who have been subject to a sanction of deregistration and/or withdrawal of approval or authorization to exercise a regulated professional activity.

Article 15:

"Any candidate for the position of representative of minority shareholders must prove that their individual shareholding in the capital of the company concerned does not exceed 0.5 %.

Article 16:

At the time of submitting their application, candidates must not have any direct or indirect interest in the company concerned, its shareholders other than minority shareholders, its directors, members of the supervisory board, or members of the management board that could place them in a situation of actual or potential conflict of interest.

Article 17:

All candidates must meet the following criteria:

- Not be or have been, during the five (5) years preceding the submission of the application
 - be or have been, during the five (5) years preceding the submission of the application,
 - chief executive officer, managing director, deputy managing director, chairman of the board of directors, sole managing director, or employee of a company belonging to the same group as the company concerned.
- Not be the chief executive officer, managing director, deputy managing director, chairman of the board of directors, or sole managing director of a company in which the company concerned is directly or indirectly a director or member of the supervisory board, or in which the chairman of the board of directors, the chief executive officer, deputy chief executive officer, chairman of the management board or sole chief executive officer of the company concerned (currently or for the past five years) or an employee of that company is a director or member of the supervisory board.
- not be an ascendant, descendant, or spouse of the:
 - the chief executive officer or managing director or deputy managing director or chairman of the management board or employee of the company concerned,



- the chief executive officer, managing director, deputy managing director, chairman of the management board or employee of a company belonging to the same group as the company concerned.
- Not be a service provider, in particular an advisor or banker, supplier or customer of the company concerned.
- Not be, at the same time, a member of the board of directors, supervisory board, or executive board of another company listed on the stock exchange belonging to the same sector of activity or of a company belonging to the same group.
- Not be the chief executive officer, managing director, deputy managing director, chairman of the executive board, sole managing director, representative, shareholder, partner, or employee of a company that has financial, professional, commercial, or contractual ties to the company concerned or to a competing company.
- Not engage in any professional activity directly or indirectly related to the financial market and/or the dissemination of financial or other information.
- Not be a member of an association whose purpose is directly or indirectly related to the financial market.

Article 18:

All candidates for the position of director representing minority shareholders must meet the qualification, competence, and experience criteria set out in the call for applications.

They must have at least a master's degree (or equivalent) and at least 10 years of professional experience in the specialty or sector of activity specified in the call for applications.

Section II Preparation of the application file

Article 19:

The application file must include at least the following documents

- an application addressed to the chair of the board of directors or the chair of the executive board, presenting the candidate, the reasons for their application, and their profile,
- an application form in accordance with the template provided in the call for applications the candidate's resume,



- a copy of an identity document,
- a sworn statement, duly completed and signed by the candidate, certifying that they meet the eligibility criteria set out in this general decision and the call for applications,
- a criminal record extract (bulletin number 3) dated less than three (3) months prior to the date of submission of the application file, the documents justifying the skills and qualifications of the candidate as stated in the curriculum vitae.
- a certificate of share ownership justifying the rate of participation in the company's capital.

Article 20:

The application file must be sent or submitted to the company by any means that leaves a written record within the deadlines and according to the terms and conditions set out in the call for applications.

Any application that is incomplete or received after the deadline will not be considered.

Section III Selection of the candidate

Article 21:

Once the call for applications has closed, the company shall send the preliminary list of candidates admitted to the competition to the Financial Market Council for its opinion.

The Financial Market Council may reject any candidate on the list who does not comply with the provisions of this general decision.

The prior opinion of the Financial Market Council shall not be required for companies whose directors or members of the supervisory board are subject to the approval of a supervisory or regulatory authority.

Article 22:

Within a maximum of ten (10) days following the closing of the call for applications, the company concerned must convene the minority shareholders in an elective meeting.

The notice of meeting shall be published at the company's expense in the Official Bulletin of the Financial Market Council and on the website of the Tunis Stock Exchange at least twenty-one (21) days before the elective meeting is held.

The company concerned shall provide the selected minority shareholders with the list of the following information



- Surname, first name, and date of birth,
- degrees and qualifications,
- professional activities over the last ten (10) years, including the positions they hold or have held in other companies,
- Percentage of shareholding.

Article 23:

The elective meeting shall be chaired by the minority shareholder holding the largest number of shares. The chair shall be assisted by two scrutineers and a secretary appointed by the shareholders present, who shall form the meeting's bureau.

An attendance sheet shall be drawn up containing the names of the minority shareholders or their representatives, their addresses, and the number of shares they hold or represent.

Minority shareholders present or their proxies must sign the attendance sheet, which is certified by the office of the elective assembly and filed at the registered office of the company concerned, where it is available to any requester.

The number of minority shareholders present or represented and the share of the share capital to which they are entitled shall be determined on the basis of the attendance sheet.

Article 24:

The sole item on the agenda of the elective meeting shall be the appointment of the representative of the minority shareholders.

It may only validly deliberate on first call if the minority shareholders present or represented hold at least one-third of the shares held by all minority shareholders.

If a quorum is not present, a second meeting shall be held without any quorum being required. A minimum period of fifteen (15) days must elapse between the first and second meetings.

Article 25:

During the election meeting, minority shareholders must elect a single candidate from the proposed list.

No one may take part in the election of the representative of minority shareholders if they hold a management or administrative position within the company concerned.

To be elected, the candidate must have obtained a majority of the votes of the minority shareholders present or represented who took part in the election.

If, at the end of this election, no candidate obtains a majority, a second round is held during the same session. Only the three candidates who obtained the highest number of votes remain in the running.

The candidate who obtains the highest number of votes in the second round shall be elected.

Article 26:

Any minority shareholder may vote by mail or be represented by any person with a special proxy.

In the case of postal voting, the company must provide shareholders with a special form for this purpose. Votes cast in this manner are only valid if the signature on the form is certified. Postal votes must be sent to the company by any means that leaves a written record.

Only votes received by the company before the end of the day preceding the elective meeting shall be taken into account.

Article 27:

Minutes of the deliberations of the elective assembly shall be signed by the members of the bureau. They must contain at least the following information:

- the date and place of the meeting,
- the agenda,
- the composition of the officers,
- the number of shares held by those present or represented and the quorum reached,
- the list of candidates proposed to the elective assembly, a summary of the debates,
- the results of the vote.

The minutes of the deliberations must be filed at the registered office of the company concerned. The company must immediately inform the Financial Market Council of the outcome of the deliberations of the elective meeting of minority shareholders.

Article 28:

The company shall submit the designation of the representative of minority shareholders at the ratification of the ordinary general meeting.



Chapter III: Final and transitional provisions

Article 25:

No person may sit on more than three boards of directors or supervisory boards as an independent member or representative of minority shareholders.

Article 30:

Companies must immediately inform the Financial Market Council of any situation preventing the appointment of independent members to the board of directors or supervisory board and/or the representative of minority shareholders.

Article 31:

Companies must immediately refer the matter to the Financial Market Council when an independent member of the board of directors or supervisory board and/or the representative of minority shareholders no longer meets the eligibility criteria set out in this general decision and discuss with the Council the necessary measures to be taken.

Article 32:

The provisions of Articles 195 and 243 of the Commercial Companies Code shall apply in the event of a vacancy on the board of directors or supervisory board as an independent member and/or representative of minority shareholders.

The choice shall fall on the first candidate who meets the eligibility criteria set out in this general decision and is ranked immediately after the member to be replaced at the time of his or her appointment or election by the ordinary general meeting or the elective assembly.

Article 33:

For companies whose directors or supervisory board members are subject to approval by a supervisory or regulatory authority, the Financial Market Council may issue reservations regarding a proposed or appointed candidate for independent member or representative of minority shareholders and shall inform the competent authorities thereof.

Article 34:

Companies whose board of directors or supervisory board includes, on the date of entry into force of this general decision, independent members and/or a representative of minority shareholders who do not meet

Those who do not meet the eligibility criteria must comply with the provisions of this general decision within one year of its publication.

Article 35:

The mandate of members and and the representative of minority shareholders may be renewed only once.

Article 36:

This general decision shall enter into force upon its publication in the official bulletin of the Financial Market Council.

Approved
of the Minister of Finance

The Minister of Finance

Sihem Boughdiri NEIL""'

For
the Financial Market Council Board The
President

Le Président
du Conseil du Marché Financier

Signed: Salah ESSAYEL

