



## **Board Charter**

Libyan Investment Authority

1st Version - April 2020

**Document Owner: The Board of Directors**

Name: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_/\_\_/\_\_

**Document Approved by: The Board of Trustees**

Name: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_/\_\_/\_\_

**Document History:**

<i>Version</i>	<i>Date</i>	<i>Changes/Modifications</i>	<i>Approved by:</i>
1.0	22/04/2020		

**Document to be next reviewed and updated by the Board:**

Date of next review: \_\_/\_\_/\_\_ Signed: \_\_\_\_\_

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## 1. Introduction

The set of guidelines contained in this document form the basis of the Libyan Investment Authority's ("LIA") Board Charter. The Charter aims to set out the roles and responsibilities of the Board of Directors ("the Board"), as well as the Board's composition and its relationship with the Board of Trustees ("BoT") and the Chief Executive Officer ("CEO").

The document also includes **governance standards** and provides recommendations for meetings and decision-making procedures of the Board, as well as guidelines for the review and revision of this document."



## 2. Objectives and Mandate

The Board is the body responsible for overseeing the management of LIA and monitoring the implementation of its programmes to achieve its objectives and protect its assets. The Board shall exercise its mandate with full knowledge and consideration of the values and objectives of LIA and the welfare of the Libyan people, present and future.

The Board is to opine on key strategic topics including long-term strategy, investment policy and its implementation, overall governance structure, and to oversee the organisation through periodic reviews and reports. The Board deliberates on and takes decisions concerning the following matters:

### 2.1. Strategy and planning

- Develop the overall strategy and direction of LIA for approval by the Board of Trustees ("BoT"); and
- Develop the annual budget for approval by the BoT.

### 2.2. Investment

- Propose policies, strategies and standards of investment and reinvestment of the funds allocated for investment to the BoT for approval;
- Select banks and investment institutions entrusted with the management of LIA's investments recommended by the Investment Committee ("IC");
- Take suitable and considered decisions regarding LIA's investments, within the limitations of the policies and decrees from the BoT;
- Approve the purchase, sale, liquidation, or any arrangement of rights related to portfolios, investments or assets owned or controlled, in a way that serves the goals and objectives of LIA.
- Approve the investment programme set by the CEO for investment and reinvestment;
- Regularly evaluate the performance of LIA's investment portfolios and issue necessary instructions and guidelines in a way that achieves the objectives stipulated by Law No. (13) of 2010 concerning Regulation of the Authority;
- Manage investment risks and issue necessary instructions to the LIA Executive Management;
- Establish companies and funds, as well as the formation of their Board of Directors; and
- Approve the Articles of Association of Portfolio Companies (subsidiaries and Joint Ventures) and any sub-funds as required by the applicable legislation.

In all cases, the recommendations of the IC shall be taken into consideration.



## 2.3. Governance

- Annually, review and approve the guidelines and procedures of LIA's governance and update them when necessary, aligning to best practice. Include the results of these reviews in reports submitted to the BoT.
- Issue the administrative, financial and technical policies regulating the work of the LIA.
- Approve the governance policies of LIA's subsidiaries.

In all cases, the recommendations of the Governance Committee ("GC") shall be taken into consideration.

## 2.4. Internal and external audit

- Review internal audit reports and request the CEO to take all appropriate actions and measures to deal with their recommendations.
- Propose the appointment of External Auditors to the BoT for approval.
- Appoint the Director of Internal Audit based on the recommendation of the Nominations & Compensation Committee ("NCC").

In all cases, the recommendations of the Audit, Risk & Compliance Committee ("ARCC") shall be taken into consideration.

## 2.5. Risk

- Ensure appropriate monitoring of risk policies and procedures, risk reporting, and business continuity measures are in place;
- Review and approve the overall Risk Management & Monitoring Framework, with recommendations from the ARCC, including:
  - Risk appetite and limits.
  - Risk reporting and risk indicators.
  - Policies and procedures.
  - Practices and principles to align subsidiaries with LIA's Framework; and

## 2.6. Compliance

- Ensure LIA has effective and successful Compliance policies and approve and review these policies at least once every year; and
- Approve the Code of Conduct and update it when necessary in order to align it with best practice.

In all cases, the recommendations of the ARCC shall be taken into consideration.

## 2.7. Organisation, nomination and compensation

- Propose the organisation structure of LIA and present this to the BoT for approval.



- Approve LIA's Annual Workforce Plan.
- Approve the necessary training programmes for LIA's staff and management teams to perform to the best of their abilities.
- Establish branches and / or offices of LIA and appoint agents and / or representatives to manage these both within Libya and abroad.
- Appoint the CEO of LIA in consultation with the BoT.
- Appoint LIA's Portfolio Company (Subsidiaries and Joint Ventures) Board Members, CEOs and Supervisory Committees.

The recommendations of the NCC and GC shall be taken into Consideration in accordance with their field of specialization.

## **2.8. Reporting and monitoring**

- Ensure that effective policies and procedures are approved and in place to ensure the integrity of LIA's financial reporting.
- Issue the annual report on the activities of the LIA at the end of each fiscal year.
- Ensure the timely preparation of LIA's closing accounts and annual budget within a maximum of three months following the end of the fiscal year.
- Review the statements, reports and information prepared by the CEO to clarify LIA's activities and evaluate its activities and financial health.



### 3. Membership

#### 3.1. Composition

The Board shall consist of seven Members including the Chairman and the Deputy Chairman who must have sufficient experience in the management and investment of funds and assets. A decision shall be issued by the BoT appointing the Board for a term of three years. All or some of the Members of the Board may be reappointed for (a) similar term(s). Such decision shall define the remuneration of the Members of the Board.

#### 3.2. Chairman of the Board

The Chairman of the Board is required to:

- Invite the Board for meetings, manage such meetings and nominate the Board's secretary;
- Suggest and provide the Board meeting agenda to the Board;
- Consider any legal or regulatory issues relevant to LIA as well as to coordinate between LIA and other relevant public and private bodies and departments regarding LIA's business and activities;
- Examine the investment profiles or any other activities assigned to the Chairman by the Board; and
- Represent LIA in its transactions with third parties and before the judiciary.

#### 3.3. Board Secretary

The Board secretary has following responsibilities and duties:

- Preparing and coordinating the meetings of the Board, including:
  - Preparing the agenda of the meetings held by the Board in coordination with the Chairman;
  - Informing the Board on the appointments of meetings and sending the agenda with sufficient time before the appointment of the meeting;
  - Writing, recording, coordinating and saving the minutes of the Board's meetings;
  - Providing data and documents as required by the Board Members and informing them about all the minutes of the meetings and information and documents related to LIA in a timely manner; and
  - Coordinating with the Board Chairman and Members for preparation of their meeting minutes and presenting the recommendations and decisions made thereof to the Board.
- Ensuring the retention of all key Board documents, including agendas, minutes and resolutions;





- Coordinating the appointments of the Board; and
- Carrying out other administrative duties as the Board may, from time to time, direct.

## **4. Meetings and decision-making procedures**

### **4.1. Meeting length and frequency**

Board meetings shall be held according to the following:

- Ordinary meetings shall be held at least every 2 months, or whenever necessary.
- The Board shall convene upon an invitation by the Chairman for a meeting, subject to sufficient time given before the proposed date of the meeting.
- The Chairman of the Board shall invite the Board to convene when requested to do so by two Members or more.

### **4.2. Quorum and attendance**

- Meetings of the Board shall be valid only if attended by a majority of Members.
- In the absence of the Chairman, the Deputy acts as Chair of the meeting and will assume all roles and responsibilities of the Chairman as defined here, for the duration of that meeting.
- Members may attend meetings in person, via telephone or video conference.
- Absent Members may not delegate a person to vote on their behalf.
- The Board may invite to its meetings the CEO of LIA. The CEO may also invite external experts including employees of LIA or its subsidiaries, and experts from other organisations to give their opinion in support of the Board's decision-making for that meeting.

### **4.3. Decision-making and documentation**

Decision-making will follow the below mentioned rules:

- The Board's decisions are taken by a simple majority of the votes cast.
- In case of a tie, the position with which the Chairman has voted shall prevail.
- Decisions are usually taken during the scheduled meetings or otherwise may be taken by circulation using a different process (e.g. email circular, by telephone or by equivalent technical means).
- The Board may request information or documentation from LIA management in support of its decision-making process.



#### **4.4. Agenda and notices**

Meetings follow an agenda proposed by the Chairman pre-circulated by the Secretary, as below:

- Secretary will gather input from Members and relevant LIA staff on any issues for discussion and decision at the next meeting.
- The Chairman shall set the agenda for each meeting considering the issues communicated by Members and the CEO as well as any other issues the Chairman deems relevant.
- The Chairman (or designee, including the Secretary) shall circulate a written agenda to the Members in advance of each meeting.
- An updated agenda shall be sent to all Board members one calendar week prior to each regular meeting by the Secretary.
- Any documents and information required to support Committee meetings should be circulated at least one week in advance by the Secretary.
- If documentation is not distributed in a timely manner, voting Members can refer to the delayed distribution as a reason to abstain from voting. This needs to be reflected in the minutes.

#### **4.5. Minutes and resolutions**

Meeting minutes should be carefully and thoroughly as described below:

- The Secretary shall take written minutes of each meeting, and shall include:
  - Date, time and location of the meeting.
  - Names of each attendee.
  - Major discussion points.
  - All decisions taken and actions required.
  - Dissenting views.
- Minutes should be distributed to all Members and Board members by the Secretary, upon approval of the Chairman.
- In drafting minutes, the Secretary takes special care that minutes are accurate and complete and contain no unnecessary information.
- Each Member may suggest changes to the wording or to the content of the minutes within one week of receipt ("Objection Period").
- If changes are suggested, the revised version of the minutes will be circulated to the Members for review within one week after the objection period or at the next meeting, whichever takes place earlier.



- If no further objections are received on the revised minutes within one week of receipt, the minutes become final.

Meeting's agenda and any relevant documentations shall be kept in the care of the Secretary and annexed to the minutes of such meeting.

- Final minutes shall be distributed to the Members within one week of finalisation.

#### **4.6. Conflict management**

In cases of conflicts of interest, the Board must undertake the following actions, as soon as is reasonably possible:

- Any Board Member must promptly notify the Chair of the meeting should they believe their involvement with a particular issue or organisation may give rise to an actual or perceived conflict of interest.
- If the Chair agrees that an actual or perceived conflict is likely to exist, the Member may not consider the respective issue and shall leave the room (or call) while discussion of the issue takes place and may not participate in the decision-making process.
- As to potential conflicts involving the Chair, the same process shall apply except that the Chair shall appropriately consider and weigh the facts potentially leading to a conflict and on that basis decide whether they are able to attend the respective meeting and to discuss or vote the respective issue.

#### **4.7. Tracking of open issues**

Open issues raised during Board meetings should be tracked as following:

- The Secretary is responsible for tracking open issues and actions to ensure their settlement.
- The Secretary is responsible for ensuring all Board Members are aware of the status of all open issues and actions by distributing an up-to-date list of open issues and actions together with the finalised minutes of each Board meeting.
- Wherever possible, meeting agendas should include updates as to the progression of open issues and actions.

### **5. Review of Charter**

The Charter is formally reviewed by the Board on an annual basis or as required. Any amendments shall be submitted to the BoT for approval.



## 6. Appendices

### Appendix (A): Glossary

In this document, the following definitions apply unless the context clearly requires otherwise:

- “Board” refers to the Board of Directors, comprised of non-executive Members.
- “Member”, or “Members of the Board” refers to the individuals constituting the Board of Directors.
- “LIA” or “the LIA” refer to the Libyan Investment Authority.
- “Charter” refers to the LIA’s Board Charter.
- “BoT” refers to the individuals constituting the Board of Trustees, who are appointed by the Prime Minister.
- “Chairman” refers to the Chairman of the Board unless otherwise specified.
- “Secretary” refers to the Secretary of the Board unless otherwise specified.
- “Compliance” refers to LIA’s Compliance department.
- “Subsidiary” or “LIA’s subsidiaries” include LTP, LAP, LAFICO, LLIDF and Oilinvest.



## Appendix (B): Decision of Naming the Members of the LIA Board of Directors