



Annex 18

A MODEL DEFINITION OF AN INDEPENDENT DIRECTOR

A Model Definition of an Independent Director

The purpose of identifying and electing independent directors is to ensure that the Supervisory Board includes directors who can effectively exercise their best judgment for the exclusive benefit of the company, judgment that is not clouded by either real or perceived conflicts of interests. The International Finance Corporation (IFC) expects that in each case where a director is identified as “independent,” the Supervisory Board will affirmatively determine that such director meets the requirements established by law and the company, and is otherwise free of any material relations with the company’s management, controllers, or others that might reasonably be expected to interfere with the independent exercise of his best judgment for the exclusive interest of the company and its shareholders. One suggested definition for “independent” follows hereinbelow. In each case, the company should consider making changes tailored to those particular types of relationships that would impair the director’s independence, while taking into account the specific circumstances and needs of their company.

An “independent director” is a director who has no material relationship with the company beyond his directorship (either directly or as a partner, shareholder, or officer of an organization that has a “material” relationship with the company). An independent director should be independent in character and judgment, and there should be no relationships or circumstances which could affect, or might appear to affect, the director’s independent judgment.

In particular, an independent director is a director who:

1. Is not, and has not been employed by the company or any of its related parties at any time during the past five years;
2. Is not, and has not been affiliated with a company that acts as an advisor or consultant to the company or its related parties, nor is not and has not himself acted in such capacity at any time during the past five years;
3. Is not, and has not been affiliated with any significant customer or supplier of the company or its related parties (i.e. a company that makes payments to, or receives



- payments from the company for property or services in an amount which, in any single fiscal year, exceeds the greater of US \$ _____, or 2% of such other company's consolidated gross revenues) at any time during the past five years;¹⁴¹
4. Does not currently have, nor has he had any personal service contracts with the company, its related parties, or its senior management at any time during the past five years;
 5. Is not affiliated with any non-profit organization that receives significant funding from the company or its related parties;
 6. Does not receive, and has not received any additional remuneration from the company apart from a director's remuneration, nor participates in the company's share option or performance-related payment plans, nor is a participant of the company's pension plan;
 7. His director's remuneration does not constitute a significant portion of his annual income;
 8. Is not employed as an executive officer of another company where any of the company's executives serve on that company's Supervisory Board;
 9. Is not a member of the immediate family of any individual who is, or has been at any time during the past five years, employed by the company or its related parties as an executive officer;
 10. Is not, nor has been at any time during the past five years, affiliated with or employed by a present or former External Auditor of the company or Auditor of any related party;
 11. Is not a controlling person of the company¹⁴² (or member of a group of individuals and/or entities that collectively exercise effective control over the company) or such person's brother, sister, parent, grandparent, child, cousin, aunt, uncle, nephew, or niece, or a spouse, widow, in-law, heir, legatee, and successor of any of the foregoing (or any trust or similar arrangement of which any such persons or a combination thereof are the sole beneficiaries), or the executor, administrator, or personal representative of any person described in this paragraph who is deceased or legally incompetent; and
 12. Has not served on the Supervisory Board for more than ten years.¹⁴³

¹⁴¹ Under the NYSE Listing Requirements, U.S. \$1 million is stipulated. Depending on the country specifics, the amount can be adjusted.

¹⁴² The definition of a controlling shareholder will vary from country to country, and even from company to company. However, in general, even a 5% ownership of the voting shares could be considered sufficient enough to vest significant powers of control in the shareholder.

¹⁴³ Depending on the availability of qualified independent directors in a given country, the term could be shortened to seven years.