

# Board of Directors Bylaws

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## **Board of Directors Bylaws (as amended on July 27, 2016)**

**The members of the Board of Directors of Accor (hereinafter the Company) abide by the following rules of procedure, which constitute the Bylaws of the Board of Directors.**

These Bylaws are based on recommendations aimed at ensuring compliance with the fundamental principles of corporate governance, notably the AFEP-MEDEF Corporate Governance Code for listed companies as revised in June 2013.

Intended for internal use only, these Bylaws are designed to supplement the Company Bylaws by specifying the Board of Directors' organizational and operating procedures. They may not be used by shareholders or third parties as a basis for any claims against the directors, the Company or any company of the Accor Group (hereinafter the Group). They apply, where appropriate, to the non-voting directors appointed by the Board of Directors as well as to the Founding Co-Chairmen designated in Article 21 of the Company's Bylaws.

The existence and main provisions of these Bylaws shall be disclosed to the shareholders and to the public.

### **1. Composition**

At least half of the directors on the Board of Directors must be independent within the meaning of the criteria set forth in the AFEP-MEDEF Corporate Governance Code for listed companies.

Every year, the Board of Directors shall determine which of the directors are independent according to the above-mentioned criteria. The conclusions of said assessment shall be disclosed to the shareholders and to the public in the Annual Report.

### **2. Meetings**

The Board of Directors shall hold at least six meetings per year, of which one dedicated to reviewing the budget and one dedicated to a strategic review of the Group's operations. The proposed dates of each year's meetings shall be sent to the directors no later than March 31 of the previous year. Notices of Meeting shall be sent by mail, e-mail or fax, or given verbally, by the Board Secretary.

The draft minutes of each meeting shall be sent to the directors within 15 days after said meeting and submitted to the Board for approval at the meeting following the next meeting.

Part of at least one meeting a year shall be devoted to assessing the Board's efficiency and effectiveness, in order to identify possible areas for improvement. In addition, the Board of Directors shall conduct a formal self-assessment at least every three years.

Non-executive directors shall meet once a year, without the executive directors or corporate officers being present, to assess the latter's performance and consider the future management structure.

For the purpose of calculating the quorum and majority, directors who take part in meetings by any means making it possible to identify them and enabling their actual participation pursuant to current statutes and regulations shall be deemed to be in attendance.

### **3. Information for the Board of Directors**

The directors shall be provided with all the information necessary for them to carry out their duties.

Except when compliance with confidentiality or physical obstacles make it impossible, an information package pertaining to the items on the agenda that require prior study shall be sent to the directors in a timely manner prior to the meetings.

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In addition, the directors shall be kept periodically informed between meetings of all significant events and transactions in the life of the Group. To this end, they shall be provided with all the press releases issued by the Company and a periodic summary of financial analysts' research reports on the Group and, when necessary, the actual reports.

The Board shall be regularly informed of and shall periodically discuss the Group's financial position, cash position and commitments as well as its strategy and main policies in the areas of human resources, organization and information systems.

The directors shall be entitled to require the provision of any document necessary for the proceedings of the Board that has not been submitted to them. Any such requests shall be sent to the Chairman and Chief Executive Officer who may submit it to the Board for a decision.

The directors shall have the right to meet with the Group's main executives, including without the presence of the executive directors. To do so, they must first file a request with the Chairman and Chief Executive Officer.

#### **4. Powers of the Board of Directors**

The Board of Directors deals with all matters falling within the powers vested in it under the applicable laws and regulations.

In addition, the Board of Directors shall:

- a) approve the annual budget, including the annual financing plan, as well as the business plan presented by the Chairman and Chief Executive Officer;
- b) review and approve the Group's overall strategy, at least once a year, in accordance with Article 2 of these Bylaws;
- c) based on the Commitments Committee's recommendation, authorize the following decisions of the Chairman and Chief Executive Officer prior to their implementation:
  - i. any and all immediate or deferred financial commitments representing more than €100 million per transaction. "Financial commitments" are defined as:
    - any and all acquisitions or disposals of assets and majority or minority interests in other companies; in the latter case, the amount of the commitment is considered as being equal to the entity's enterprise value,
    - any and all direct investments, for example for the creation of a business, the construction, refurbishment or extension of a hotel property, or expenditure on technological developments,
    - rental investments, measured on the basis of the market value of the leased asset,
    - hotel management contracts with a guaranteed minimum fee,
    - any and all loans to entities in which the Company or one of its subsidiaries does not hold the majority of the shares and voting rights, and any and all commitments to participate in share issues by such entities.

In the case of financing transactions, however, the Chairman and Chief Executive Officer is authorized to make any and all financial commitments of up to €1 billion without obtaining prior approval from the Board of Directors, provided that such commitment is undertaken in accordance with the annual Group financing policy as approved in advance by the Board of Directors. In this case, the Chairman and Chief

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Executive Officer shall inform the Board of Directors of the transactions after they have been completed. It is noted as well that the Board's prior approval is not required for borrowings due in less than one year, whatever the amount borrowed.

- ii. any and all transactions that may have a material impact on the Group's strategy or lead to a material change in the Group's business base (mainly entry into a new business or withdrawal from an existing business), whatever the amount of the transaction,
  - iii. any and all transactions involving the Company's shares carried out in application of Article L. 225-209 of the French Commercial Code that exceed one million shares per transaction or two million shares per year;
- d) authorize the Chairman and Chief Executive Officer to issue guarantees, bonds and endorsements in the Company's name, up to a cumulative amount of €1 billion per year. In accordance with the Company's Bylaws, any such authorizations may be given for a period of one year. The Chairman and Chief Executive Officer is required to report to the Board of Directors each year on the amount and nature of guarantees, bonds and endorsements issued under the authorization;
- e) discuss and decide on any proposed changes to the Group's management structure and review information about the main organizational changes.

### **5. Vice-Chairman of the Board of Directors – Senior Independent Director**

In accordance with Article 14 of the Company's Bylaws, the Board of Directors may appoint one of its independent members to act as Vice-Chairman for the duration of his or her term as director. The appointment may be terminated at any time by decision of the Board of Directors.

In accordance with the Company's Bylaws, the Vice-Chairman may call meetings of the Board of Directors if the Chairman and Chief Executive Officer is unable to do so, and shall chair Board meetings in the Chairman and Chief Executive Officer's absence.

The Vice-Chairman shall act as the preferred contact for the other independent directors. Whenever necessary and at least once a year, he or she shall organize and lead a meeting reserved exclusively for independent directors to allow them to discuss certain issues outside full Board meetings.

The Vice-Chairman shall ensure that requests from shareholders not represented on the Board are answered, and shall make him or herself available to hear their comments and suggestions and, where necessary, answer their questions. A specific e-mail address shall be created for this purpose. The Vice-Chairman shall inform the Board of Directors about such contact with the shareholders.

In addition, the Vice-Chairman shall oversee formal assessments of the Board of Directors' practices, approve the list of strategic issues to be discussed at Board meetings, as prepared each year by the Chairman and Chief Executive Officer, and deal with any conflicts of interest affecting Board members.

He or she shall be assisted by the Corporate Secretary services for any related administrative tasks.

### **6. Board Committees**

Board discussions and decisions in certain areas shall be prepared by specialist Board Committees made up of directors appointed by the Board for the duration of their term. These Committees shall examine matters falling within their terms of reference, as well as any matters referred to them for consideration by the Chairman and

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Chief Executive Officer. They shall report regularly to the Board on their work, and provide the Board with their observations, opinions, proposals or recommendations.

To assist them in their work, the Board Committees may commission technical reports from management or from external consultants, at the Company's expense. In both cases, the Chairman and Chief Executive Officer shall be notified in advance. The Committees may also arrange meetings with members of Company management responsible for the areas under review, without any executive directors being present. In this case also, the Chairman and Chief Executive Officer shall be informed in advance.

There are four standing Board Committees:

- **the Audit and Risks Committee;**
- **the Commitments Committee;**
- **the Appointments & Compensation Committee**
- **the Corporate Governance, Compliance and CSR Committee**

The Board may also set up one or several special Committees.

Each Committee shall be chaired by one of its members, appointed by the Board on the recommendation of the Appointments & Compensation Committee. The Chairman and Chief Executive Officer may be invited to attend any and all Board Committee meetings by the Chairman of the Committee concerned. However, he shall not attend the part of Appointments & Compensation Committee meetings during which agenda items concerning him personally are discussed, nor the part of Audit and Risks Committee meetings during which the Committee members discuss matters with the Statutory Auditors.

The Committee Chairman shall appoint a person who need not be a Committee member to act as secretary.

The Chairman of each Committee may ask for the Committee to be consulted on any matters falling within its terms of reference that have not been referred to it.

Each Committee shall periodically review its rules of procedure and propose to the Board any changes that are considered necessary.

The Board Committees shall not have any decision-making authority.

### **6.1. The Audit and Risks Committee**

The Audit and Risks Committee shall be responsible for ensuring that the accounting policies applied for the preparation of the financial statements of the Company and the Group are appropriate and applied consistently from one period to the next. Its terms of reference also include checking that internal reporting and control procedures provide adequate assurance concerning the reliability and completeness of financial information and the control of Group risk exposure.

To this end, it carries out the following tasks:

- it reviews the interim and annual consolidated financial statements and the financial statements of the Company, prior to their examination by the Board of Directors, and obtains assurance that the related accounting policies are appropriate and applied consistently from one period to the next. This includes reviewing draft results press releases and announcements to be issued by the Company;
- it reviews the scope of consolidation and the reasons for excluding any entities;
- it reviews the risk management policy and ensures that adequate systems are in place;
- it assesses the material risk exposure and off-balance sheet commitments, and receives a copy of the Chief Financial Officer's detailed report on these matters;

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- it assesses the effectiveness of internal audits covering the procedures for the preparation and processing of accounting and financial information, without compromising the internal auditors' independence; it obtains assurance concerning the effectiveness of the Group's system of internal control by reviewing the methods used to identify risks and the Internal Audit Department's organizational and operating principles. It is also informed of the Internal Audit program and of the results of the internal audits;
- it monitors the execution of the Statutory Auditors' engagement and reviews their work plan and audit findings. It receives a copy of the Statutory Auditors' post-audit letter setting out the main issues identified during their audit and describing the main accounting options selected;
- it leads the Statutory Auditor selection procedure, organizing a call for bids from various accounting firms (except where the incumbent firm is being re-appointed), and makes a recommendation to the Board of Directors on the choice of auditor;
- it validates the services other than statutory audit work that the Statutory Auditors and the members of their networks may be asked to perform in accordance with the applicable laws and regulations;
- at the end of each year, it is informed of the fees paid by Group companies to the Statutory Auditors and the members of their networks during the year, including a detailed breakdown by type of engagement, reports to the Board of Directors on these fees, and expresses an opinion on the proposed fee for the statutory audit of the financial statements;
- it obtains assurance concerning the Statutory Auditors' independence, notably by reviewing the Statutory Auditors' statement of independence, and informs the Board of Directors of its assessment of the Statutory Auditors' actual level of independence;
- it reports regularly to the Board of Directors on the results of the statutory audit engagement and the ways in which this engagement contributes to ensuring the integrity of financial information, as well as on the Committee's role in this process.

The Audit and Risks Committee comprises three to six members possessing the necessary technical knowledge to fulfill the Committee's duties. At least two thirds of these members, including the Committee Chairman, must be independent directors.

The Audit and Risks Committee holds at least three meetings per year. One meeting – attended by the Senior Vice-President, Internal Audit – is devoted to reviewing the effectiveness of the system of internal control.

The Audit and Risks Committee may make enquiries of the Statutory Auditors without the executive directors and/or the Chief Financial Officer being present, after first notifying the Chairman and Chief Executive Officer.

Calls to meeting shall be issued by the Committee Chairman and include the meeting agenda. Meetings to review the interim and annual financial statements shall be held at least two days prior to the Board meeting called to approve the financial statements. The members of the Audit and Risks Committee must receive all necessary documents on a timely basis. When members are first appointed to the Committee, they are given detailed information about accounting, financial and operational issues that are specific to the Group. The Chairman and Chief Executive Officer, the Chief Financial Officer and the Statutory Auditors shall attend Audit and Risks Committee meetings as needed.

### **6.2. The Commitments Committee**

The Commitments Committee is comprised of no more than seven members. Meetings of the Committee may be called at any time, in writing or verbally, by the Committee Chairman or the Chairman and Chief Executive Officer.

The Commitments Committee's recommendations are adopted by a simple majority and must then be discussed by the Board of Directors before the commitments can be implemented by the Group. The Commitments

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Committee is therefore responsible for preparing Board meetings and making recommendations to the Board on the following matters:

- any mergers, demergers or asset transfers;
- any amendments to the Company's corporate purpose;
- any and all commitments or transactions for which the Chairman and Chief Executive Officer is required to obtain the Board of Directors' prior approval in accordance with Article 4. c) of these Bylaws.

### **6.3. The Appointments & Compensation Committee**

The Appointments & Compensation Committee's role is to prepare the Board of Directors' decisions pertaining to the compensation of executive directors and the policy for granting options to purchase new or existing shares of Company stock and making stock grants, and to prepare changes in the composition of the Company's management bodies.

To this end, it carries out the following tasks:

#### **Appointments:**

- it prepares recommendations, in liaison with the Chairman and Chief Executive Officer, regarding the succession of the executive directors and the selection of new directors. In selecting possible directors, the Committee shall take into consideration the desirable balance in the Board's composition, take special care that each candidate has the required capabilities and availability and ensure that the directors have the array of experience and skills necessary to enable the Board of Directors to carry out its duties effectively with the required objectivity and independence vis-à-vis both senior management and a given shareholder or group of shareholders;
- it shall be informed of the succession plan concerning members of the Group's Executive Committee.

#### **Compensation:**

- it studies and prepares recommendations regarding both the salary and bonus portions of the executive directors' short-term compensation, the granting of medium- and long-term incentives such as performance shares and stock options, all the provisions regarding their retirement plans and all other in-kind benefits;
- it defines and implements the rules for setting the bonus portion of the executive directors' compensation while ensuring that said rules are consistent with the annual appraisal of executive directors' performance and with the Group's medium-term strategy;
- it expresses an opinion to the Board regarding the general policy for granting medium- and long-term incentives such as stock options and performance shares, and the plans proposed by the Chairman and Chief Executive Officer;
- it is kept informed of and gives an opinion on the compensation policy for members of the Group Executive Committee and reviews the consistency of such policy;
- it issues a recommendation to the Board on the overall amount of directors' fees, which is submitted to shareholders for approval. It proposes to the Board rules for allocating said directors' fees and the individual amounts of the payments to be made as fees to the directors based on their attendance at Board and Committee meetings pursuant to Article 8 of these Bylaws;
- it reviews the policy and the Chairman and Chief Executive Officer's proposals regarding employee share issues and any employee share ownership plans;
- it reviews the insurance coverage taken out by the Company regarding the civil liability of executive directors;
- it approves the information provided to shareholders in the Annual Report regarding (i) executive director compensation; (ii) the principles and procedures used to set such compensation; and (iii) the grant and exercise of stock options and the grant of performance shares.

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The Appointments & Compensation Committee is comprised of three to seven members. A majority of these members, including the Committee Chairman, must be independent directors. A director representing employees attends the Committee's meetings.

The Appointments & Compensation Committee shall hold at least two meetings per year. Calls to meetings are issued by the Committee Chairman and include the meeting agenda.

### **6.4. The Governance, Compliance & Corporate Responsibility Committee**

The Governance, Compliance & Corporate Responsibility Committee's role is to ensure that the principles of good corporate governance are properly applied and to prepare the Board of Directors' decisions pertaining to compliance, ethics and corporate social responsibility.

Its activities in the three areas covered by its remit are as follows:

#### **Governance**

- it is tasked, in liaison with the Chairman and Chief Executive Officer, with issuing recommendations on implementing best corporate governance practices and preparing the assessment of the Board's work;
- it reviews and issues recommendations on best corporate governance practices;
- it assesses whether the Company's governance practices comply with the recommendations of the corporate governance code to which the Company refers;
- it periodically reviews whether the directors meet the independence criteria defined by the Board and makes recommendations if it appears necessary to review the independent status of directors;
- it continuously monitors changes in the Company's ownership structure and determines how the Company's awareness of such changes could be improved, particularly through legal procedures;
- it reviews all cases where there is a conflict of interest concerning one or more shareholders and (i) the interests of the Company or (ii) the interests of the shareholders as a whole;
- it reviews all cases where there is a conflict of interest concerning members of the Board of Directors;
- it reviews changes in the role and responsibilities of the Board of Directors;
- it prepares all matters for discussion between the Company and its shareholders relating to (i) changes in their equity interests; (ii) their representation in the Company's corporate governance structures; and (iii) any contractual commitments between them and the Company. This latter role is fulfilled in part by preparing decisions of the Board of Directors authorizing related party agreements.

#### **Compliance**

- it reviews the organization and implementation of the Company's compliance program, and is regularly informed about the deployment of its compliance policies;
- it reviews all ethical issues and situations giving rise to a conflict of interest that come to its attention or are submitted to it for review by the Board or its Chairman;
- it reviews the Ethics and CSR Committee's annual report.

#### **Corporate social responsibility**

- it reviews the Company's CSR strategy and the results obtained.

The Governance, Compliance & Corporate Responsibility Committee comprises three to five members. A majority of these members, including the Committee Chairman, must be independent directors.

The Committee shall hold at least two meetings per year. Calls to meetings are issued by the Committee Chairman and include the meeting agenda.

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### **7. Secretary to the Board of Directors**

Pursuant to the Company's Bylaws, the Board of Directors shall name a Secretary who need not be a director.

The Board Secretary's role is to call members to meetings of the Board of Directors when requested to do so by the Chairman and Chief Executive Officer and to prepare the draft minutes of the meetings of the Board of Directors, which are then submitted to the Board for approval. He or she is tasked with sending the working documents to the directors according to the procedure set forth in Article 3 of these Bylaws and in general responds to any request from directors for information pertaining to their rights and obligations, the Board's operation or the life of the Company.

His or her duties also include maintaining and updating the statements designed to prevent conflicts of interest, as provided for in Article 3 of the directors Code of Conduct.

Lastly, the Board Secretary shall attend the meetings of the Board Committees as needed at the request of the Chairman and Chief Executive Officer or the Committee Chairmen. He or she may also be tasked with sending the working documents to the Committee members.

### **8. Directors' fees**

The annual amount of directors' fees approved by shareholders shall be allocated by the Board based on a recommendation by the Appointments & Compensation Committee.

Board members shall be entitled to a fixed portion of fees for their duties as directors and, as the case may be, their role as a member or Chairman of one or more Board Committees, as well as a variable portion of fees determined according to their actual attendance at Board and Committee meetings.

Distribution is based on the following principles:

- the annual amount of directors' fees shall be divided into an amount set aside for the Board and an amount set aside for the Board Committees, as determined by the Board of Directors. The amount for the Board Committees shall subsequently be divided equally among the Committees;
- one-third of the amount set aside for the Board and for each Committee shall be used to pay the fixed portion of directors' fees, based on a lump sum determined by the Board in line with the number of directors or Committee members concerned;
- two-thirds of the amount set aside for the Board and each Committee shall be used to pay the variable portion of directors' fees based on a per-meeting amount set by the Board depending on the total number of meetings held during the year;
- the Vice-Chairman of the Board of Directors shall receive the fixed portion of directors' fees payable to all directors as well as a fixed portion of a lump sum determined by the Board of Directors;
- Committee Chairmen receive a fixed portion of directors' fees equal to double the fixed portion payable to Committee members;
- directors who also hold the position of Chairman and Chief Executive Officer, Chief Executive Officer or Deputy Chief Executive Officer do not receive any directors' fees;
- directors representing employees do not receive any directors' fees. The directors' fees that they would have received are not distributed and instead the Company has pledged to allocate the equivalent amount to supporting Group employees in difficulty;
- directors' fees shall be paid no later than three months following the end of the previous fiscal year.

### **9. Conflicts of interest and sensitive information**

#### ***9.1. Situations giving rise to conflicts of interest***

Any director that is directly or indirectly, through a third party or otherwise, exposed to an actual or potential conflict between his/her interests and those of the Company because of the positions that he/she holds and/or any interests that he/she has elsewhere, shall inform the Vice Chairman of the Board of Directors and the Board Secretary.

As well as giving rise to a conflict of interests, direct or indirect ties to an entity whose interests compete with those of the Company may also lead to a breach of competition rules. Consequently, while they are members of the Company's Board, directors shall not accept any directorship, management position or consulting engagement with an entity whose interests compete with those of the Company without the Board's prior authorization.

Pursuant to Article 15 of the Company's Bylaws, directors and any other persons who attend Board meetings shall be required to treat all information provided during these meetings as strictly confidential.

#### ***9.2. Sensitive information as defined in competition law***

No *sensitive information*, as defined in competition law, may be disclosed or discussed in the presence of any director who has direct or indirect ties to an entity whose interests compete with those of the Company (a "Concerned Director")

The definition of *sensitive information* in competition law covers all information not in the public domain that could enable the Concerned Director to understand or influence the Company's commercial and other strategies in markets served by the entity whose interests compete with those of the Company and with which the Concerned Director has ties.

It notably includes information concerning, for the market or markets in question:

- current or future business development projects, particularly planned mergers and acquisitions;
- current or future prices or pricing strategies (including discount and rebate plans);
- sales, promotional offers, terms and conditions of current or future promotional and advertising campaigns (including promotional or advertising expenditure, terms and conditions of sale and general sales strategies);
- margins and profitability objectives or indicators for specific businesses, products or services;
- current or future capacity, including planned capacity extensions or reductions;
- customers, customer lists, loyalty programs and contract bids or proposed bids;
- product, service or technology costs;
- technology, IT or research and development projects;
- market shares;
- market analyses, covering *inter alia* forecast changes in offer and/or demand and prices,

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in each case unless the information no longer qualifies as sensitive under competition law due to its general nature, or because it is too old or too aggregated, or because it consists solely of information in the public domain.

The risk of an exchange of sensitive information as defined in competition law is equivalent in all respects to a conflict of interest within the meaning of this article.

### ***9.3. Reporting conflicts of interest***

When a director takes office and by January 31 of each year thereafter, he or she shall prepare a statement setting out his or her direct ties or indirect ties through a third party or otherwise – whatever their form – with Group companies, their management or their competitors, customers, partners or suppliers. He/she shall submit this statement to the Chairman and Chief Executive Officer and the Vice Chairman, with a copy given to the Board Secretary.

If any event occurs that affects the accuracy of all or part of the statement, or if any questions arise as to the existence of an actual or potential conflict of interests, the director shall notify the Vice Chairman and the Board Secretary without delay.

The Vice Chairman, assisted by the Board Secretary and, if necessary, by outside consultants, shall prepare a list, director by director, of the issues likely to give rise to a conflict of interest. The Vice Chairman shall inform the Board of Directors of these issues each year and following each modification, and shall remind the Board of the measures adopted to prevent any risk of a conflict of interest.

### ***9.4. Guidelines for dealing with conflicts of interest***

In the event of an actual or potential conflict of interest, the Concerned Director shall not take part in the discussion of the matter concerned or the related vote and shall be asked to step out from the meeting while the discussion and vote take place.

He/she shall not receive the information prepared for Board members on the agenda item giving rise to the conflict of interest or the corresponding section of the minutes of the Board meeting.

If necessary due to the agenda of a given Board meeting, the Chairman and Chief Executive Officer or the Vice Chairman may decide to organize the meeting in two parts, with the first part attended by the Concerned Director(s) and dealing with the agenda items not involving disclosure of any sensitive information as defined in competition law or giving rise to any conflicts of interest, and the second held without the Concerned Directors being present.

Decisions by the Board of Directors concerning a conflict of interest shall be recorded in the minutes of the relevant Board meeting.

Any problems concerning application of this Article 9 shall be submitted to the Vice Chairman of the Board or, at the latter's request if difficulties arise, to a Board committee of two independent directors set up for this purpose and chaired by the Vice Chairman. If the problem cannot be resolved by this process, the Board of Directors shall make a decision based on the committee's recommendation.