

BOARD GOVERNANCE CHARTER

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This Board Governance Charter sets out the governance framework for the Board and Board Committees of Africa Prudential Plc. It is the property of the Company, and shall, under no circumstances, be copied, sold or reproduced for private or commercial use without the express permission of the Company.

This Charter supersedes all extant charters, policies, documents and board decisions relating to the Company's Board Governance. The approval of this Charter by the Board of Directors shall be appropriately communicated by the Company Secretary.

Save for the Memorandum and Articles of Association of the Company, in the event of a conflict between the provisions of the Board Governance Charter and the provisions of any other Charter or Policy or Document of the Company, the provisions of this Charter shall prevail.

Approval

This Board Charter version 2.0 is approved by the Board of Directors of Africa Prudential Plc and signed & dated by the Chairman of the Board as follows;

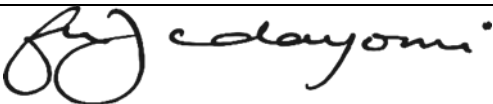
Approving Officer	Date Approved	Signature
Chairman, Africa Prudential Plc	July 27, 2018	

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1. Purpose

The purpose of this Board Governance Charter (the “Charter”) is to set out the Governance Framework for the Board and Board Committee of Africa Prudential Plc.

2. The Board of Directors

2.1. Mandate

2.1.1. The Board of Directors (the “Board”) is appointed to act on behalf of the shareholders in the overall interest of the Company and shall be accountable to shareholders and other stakeholders.

2.1.2. The Board shall exercise its business judgment to act in what is reasonably believed to be in the best interest of the shareholders and other stakeholders at all times, and to conduct themselves in accordance with their fiduciary duties of care and loyalty.

2.2. Role of the Board

2.2.1. The Board provides overall guidance and policy direction to Management.

2.2.1.1. Key roles of the board include:

2.2.1.1.1. **Strategic direction**

The Board is responsible for setting the long-term vision and strategy for the Company and ensuring that these plans are successfully executed.

2.2.1.1.2. **Policy formulation**

The Board is responsible for the formulation of policy as the primary mechanism it will use to guide the operation of the Company.

2.2.1.1.3. **Decision making**

The Board acts as the ultimate decision-making body of the Company on behalf of shareholders.

2.2.1.1.4. **Oversight**

The Board, on behalf of shareholders, is responsible for overseeing the management and performance of the business and affairs of the Company and other oversight functions as may be determined by the Board from time to time.

2.2.2. The Board is empowered to establish committees to assist in carrying out its responsibilities. The various Board Committees and their terms of reference are set out in this Charter.

2.2.3. The Board can delegate some of its decision-making authority to the Chief Executive Officer (CEO) and Executive Management Team as defined in the Executive Management Charter.

2.2.4. The delegation of authority shall be reviewed periodically to ensure it remains aligned and relevant in relation to the growth of the Company.

2.2.5. The Executive Management Team shall consist of the CEO, Executive Director(s), Company Secretary/Legal Adviser and key departmental heads indicated in the Executive Management Committee Charter and approved by the Board Audit and Governance Committee (AGC).

2.2.6. Appointments of the Company Secretary/Legal Adviser, Head Internal Audit, Executive Directors/Non-Executive Directors shall be approved by the Board.

2.3 **Chairman of the Board**

2.3.1 The Chairman of the Board shall be a Non-Executive Director elected by the Non-Executive Directors on the Board.

2.3.2 **Role of the Chairman of the Board**

2.3.2.1 The Chairman is responsible for the assessment, improvement, development and effective functioning of the Board and provides leadership in every aspect of its work.

2.3.1.1 The Chairman convenes and chairs meetings of the shareholders and Board.

2.3.1.2 The Chairman ensures that the right mix of skills, knowledge and experience is available among the directors.

- 2.3.1.3 The Chairman appoints Board Committee members and their Chairmen on the recommendation of the AGC.
- 2.3.1.4 The Chairman appoints Directors to the Boards of Subsidiaries, their Board Committee Members and their Board Committee Chairmen on the recommendation of the AGC.
- 2.3.1.5 The Chairman of the Board shall not be a member of any Board Committee.
- 2.3.1.6 The Company's Subsidiaries shall be chaired by Non-Executive Directors.
- 2.3.1.7 The Chairman together with the Chairman of the AGC as well as an independent member of the AGC shall oversee the annual evaluation and performance of the CEO.
- 2.3.1.8 The evaluation of individual directors shall be communicated and discussed with them by the Chairman of the Board. Discussions with Executive Directors will be with the CEO present.
- 2.3.1.9 The Chairman and the CEO shall assess the Company Secretary and Head Internal Auditor annually. The Company Secretary and Head Internal Auditor reports directly to the Chairman and administratively to the CEO.
- 2.3.1.10 The Chairman ensures that induction programs are conducted for new Directors and a continuing education for Directors is put in place.
- 2.3.1.11 The Chairman shall sign off on the promotion of all staff of the Company as approved by the Board on the recommendation of the AGC.
- 2.3.1.12 The Chairman ensures effective communication and relations with the Company's institutional shareholders and strategic stakeholders
- 2.3.1.13 The Chairman of the Board shall encourage other Board members to execute their Board responsibilities as defined in this Charter.

2.4 Role of the Chairman of Board Committees

- 2.4.1 The Chairman of a Board Committee shall be a Non-Executive Director and shall be responsible for the development and effective functioning of the Board Committee and provides leadership in every aspect of its work.

2.4.1 The Chairman of a Board Committee convenes and chairs Board Committee meetings.

2.4.2 The Chairman of a Board Committee shall present the report of the Board Committee to the Board at Board meetings.

2.5 Role of the Chief Executive Officer

2.5.1 The CEO has the overall responsibility for executing decisions of the Board and making decisions within his/her authority limits as defined by the approved Empowerment Policy of the Company.

2.5.2 The CEO updates the Board on the Company's performance in the format provided in Appendices A and B of this Charter or as updated from time to time by the AGC and provides the Board with such information about the Company as is necessary for the Board to function effectively.

2.5.3 The CEO provides strategic direction for the Company in conjunction with the Board, Board Committees and Executive Management Team.

2.5.4 The CEO has overall responsibility and has delegated authority from the Board to oversee the performance and day to day management of the Company.

2.5.5 The CEO leads the Executive Management Team and Chairs the Executive Management Committee meetings. He is answerable to the Board.

2.5.6 The CEO is to ensure that the Company complies with all governance, legal and regulatory requirements in all the jurisdictions that the Company and its subsidiaries operate.

2.5.7 The CEO has oversight for risk management and ensures the integrity of the Company's Accounts.

2.5.8 The CEO performs the evaluation of the Executive Directors based on agreed criteria/ key performance indicators as approved by the Chairman. The outcome of the evaluation will thereafter be approved by the Chairman of the Board, the chairman of the AGC and an independent member of the AGC

2.5.9 The CEO is the Brand Champion of the Company.

2.6 Organization

2.6.1 Number

2.6.1.1 The Board shall consist of a minimum number of seven (7) members and a maximum of ten (10) members or such other minimum or maximum number as may be prescribed by the Memorandum and Articles of Association or applicable law from time to time.

2.6.1.2 Non-Executive Directors must be the majority of the Board.

2.6.1.3 At least one (1) Non-Executive Director or such other number as may be prescribed from time to time by the applicable law should be an independent director.

2.6.1.3.1 An independent director is one who does not represent any shareholder interest and holds no special business interest with the Company or its subsidiaries.

2.6.2 Appointment, Tenure & Removals

2.6.2.1 The Board shall have in place a written, clearly defined, formal and transparent procedure for appointment to the Board.

2.6.2.2 The general and specific criteria for the selection of directors shall be laid out in Appendix C.

2.6.2.3 Only Directors are members of the Board. Any other person is in attendance by invitation.

2.6.2.4 On the recommendation of the AGC, the Board shall approve the appointment and re-appointment of its members subject to the ratification by the shareholders in a General Meeting.

2.6.2.5 In choosing Directors, the Company will seek individuals who have very high integrity, a good image and reputation, are business savvy, have shareholder orientation, an absence of conflict of interest and a genuine interest in and commitment to the Company. Where possible, the Company will seek individuals with industry expertise in the Company's core business areas.

2.6.2.6 Subject to the annual review, evaluation and recommendation of the AGC, the following are the tenure limits for the Directors:

- 2.6.2.6.1 The tenure for CEO shall be for an initial term of three (3) years and is renewable for two (2) additional terms of three (3) years. Each term of three years shall be subject to the approval of the Board.
- 2.6.2.6.2 The CEOs tenure may be extended after the maximum period of 9 years at the discretion of the Board and subject to his/her satisfactory performance. This provision is however subject to any statutory or regulatory requirements relating to the tenure of the CEO.
- 2.6.2.6.3 The CEO shall not while the agreement relating to his appointment remains in force be subject to retirement by rotation but shall (subject to provisions of his/her employment contract) be subject to the same provisions as resignation and removal as the other Directors of the Company.
- 2.6.2.6.4 Non-Executive Directors may serve in that capacity for a maximum tenure of Two (2) terms of five (5) years each.
- 2.6.2.6.5 The Non-Executive Directors tenure may be extended after the maximum period of 10 years at the discretion of the Board and subject to his/her satisfactory performance. This provision is however subject to any statutory or regulatory requirements relating to the tenure of the Non-Executive Director.

2.7 Executive Management: Succession / Delegation

- 2.7.1 The Board shall ensure that the Company has a succession plan for the CEO and other Senior Management Staff.
- 2.7.2 The AGC shall regularly review succession plan of the CEO and Executive Management of the Company.
- 2.7.3 The AGC shall report annually to the Board on Executive Management succession planning and make available to the Board on a continuing basis, its recommendation on succession to the CEO and Executive Management.
- 2.7.4 The CEO shall seek and obtain the Chairman's approval for his/her absence from the office.

2.7.5 The CEO shall formally designate who shall act as CEO in the event of his / her absence from office for more than one week, as a result of official assignment, vacation, illness, etc. and shall formally propose to the Chairman for approval.

2.7.6 No Executive Management meeting shall be postponed as a result of the absence of the CEO from office.

2.7.7 The Chairman shall formally designate who shall act as CEO in the event of the CEO's absence for more than one week, as a result of vacation, oversees travel, illness, etc.

2.8 Board Induction / Training / Evaluation

2.8.1 The AGC, shall develop from time to time for the approval of the Board, a Board annual training programme comprising of the following modules.

- i. Module 1: Robust orientation to new members
- ii. Module 2: A refresher course after 2 years of membership
- iii. Module 3 & 4: Formal training sessions before the completion of the Directors first tenure.

2.8.2 The Board, its Board Committees and individual members of the Board shall be evaluated annually by an approved external Consultant as recommended by the AGC.

2.8.3 The Chairman shall communicate and discuss the outcome of the performance evaluation of individual Board members as undertaken by the external consultants engaged for the appraisal exercise

2.8.4 The Board may recommend trainings for Directors based on the result of such review and evaluation. Where a Director's performance is deemed not satisfactory, the Director shall not be nominated for re-appointment.

2.9 Compensation

2.9.1 The Compensation of the Board members shall be evaluated and recommended by the AGC to the Board for approval.

2.9.2 The form and amount of compensation of the Non-Executive Directors shall be evaluated and recommended by the AGC to the Board for approval.

- 2.9.3 Compensation of the CEO and Executive directors, shall be approved by the AGC with the concurrence of the Chairman of the Board.

3. Proceedings of Directors

3.1 Meetings & Decisions

- 3.1.1. Each year, the Board is scheduled to meet on a quarterly basis, but could meet more often when necessary as determined by the Chairman. However, extra-ordinary meetings shall be convened as may be required by the Board Chairman or the Board Committee Chairman.

- 3.1.2 It is the prerogative of the Chairman to convene a meeting. However, the Board may approve a calendar of Board meetings annually and shall adhere to the same.

- 3.1.3 Board and Board Committee decisions may be made at a meeting or obtained via circulation. Where a board resolution is obtained via a circular resolution in writing, signed by all Directors, such a resolution shall be valid and effective upon receipt of the last signature and shall be effective from the date thereof as if it was a resolution passed in a duly convened meeting of the Board of Directors. Circular resolutions sent by e-mail or other electronic means and approvals given electronically shall be accepted as valid.

- 3.1.1 Decisions at Board and Board Committee meetings are based on a simple majority of votes. In the case of a tied vote, the Chairman shall have a second or casting vote.

3.2 Quorum

- 3.2.1 Two-thirds of the members shall form a quorum including the Chairman provided that where the quorum results in a fractional number, it shall be rounded up to the nearest whole number.

- 3.2.2 Where the Chairman is unable to attend due to unforeseen circumstances, the Chairman of the AGC shall chair the meeting in his stead. Where the chairman of the AGC is also unable to attend the meeting, the members present shall appoint a director from amongst them to chair the meeting.

3.3 Attendance at Meetings

- 3.3.1 Attendance is mandatory for all directors. Every director is required to attend seventy-five percent of all Board and Board committee meetings annually. Attendance shall be a criterion for the re-election of a director.
- 3.3.1 Directors are required to notify the Board in advance, through the Company Secretary when they are unable to attend a Board meeting.
- 3.3.2 The Chairman may invite other persons such as members of the Executive Management Team, advisers and any other person so required to attend any Board Meeting.
- 3.3.3 Only Directors are members of the Board.
- 3.3.4 The Company Secretary shall attend all Board and Board Committee meetings and render all necessary secretarial services in respect of these meetings.

3.4 Meeting Procedures and Administration

- 3.4.1 Notice of each Board meeting along with the agenda, Board and Board Committee reports and all such other documents as may be required for a meeting shall be circulated to all directors through the Company Secretary at least seven (7) calendar days before the Board meeting. However, members reserve the right to waive the 7 day notice period for a shorter notice period.
- 3.4.2 Except with the prior approval of the Chairman, no item will be presented to the Board for approval if not sent to the Board members at least 48 hours before the board meeting through the Company Secretary.
- 3.4.3 Directors are expected to read in advance all materials for the meetings of the Board and the Board Committee(s) on which they serve.
- 3.4.4 The Chairman shall determine the Agenda for each Board meeting. The Board agenda include but shall not be limited to the following:

S/No.	Agenda Item
1.	Opening Remarks
2.	Apologies
3.	Review and Adoption of Agenda
4.	Minutes <ul style="list-style-type: none"> • Review of Minutes of the previous meeting • Action Points/Matters Arising

5. Reports of the Subsidiary Board Chairmen (if any)
6. Report of the CEO on the Company's Corporate Performance & Financial Highlights including Subsidiaries (if any)
7. Reports of the Board Committees <ul style="list-style-type: none"> • Audit & Governance Committee (AGC) • Finance & Investments Committee (FIC)
8. Matters for Approval and Ratification
9. Sealing Register
10. Any Other Business
11. Proposed date of next Board Meeting
12. Closing

3.4.5 The Company Secretary shall circulate the Agenda to Members of the Board at least one week before the meeting. The Agenda will be signed by the Company Secretary.

3.5 **Reports to the Board/Minutes**

3.5.1 Reports shall be signed by both the Company Secretary and Chairman of the Committee whose report is being presented and sent through the Company Secretary at least one week before the Board meeting.

3.5.2 Reports shall be sufficiently comprehensive to enable the Board deliberate effectively and make the appropriate decisions.

3.5.3 The Company Secretary shall keep adequate minutes of the proceedings of the Board and will provide these minutes to the Board members following each meeting.

3.5.4 Minutes shall be signed by the Chairman of the Board after adoption of the minutes by the Board members at a subsequent meeting.

3.5.5 Board Committee Reports shall be signed by the Chairman of the Committee and shall be sufficiently comprehensive to enable the Board deliberate effectively and make the appropriate decisions.

3.6 **Secretarial Support**

3.6.1 The Company Secretary shall be appointed by the Board.

3.6.2 The Company Secretary shall report to the Chairman of the Board and administratively to the CEO.

3.6.3 The Company Secretary shall assist the Chairman to determine the annual Board plan and with the administrations of other strategic issues at the Board level.

3.6.4 The Company Secretary shall provide secretarial and administrative support to the Board, and Committees of the Board (including the Statutory Audit Committee).

3.6.5 Within 72 hours after each meeting, the Company Secretary shall notify in writing, all decisions to the appropriate parties with a copy of such notification forwarded to the respective Chairmen (of the Board and Board Committees).

3.7 **Resolutions/ Contracts / Register of Seals**

3.7.1 For any contract to be binding on the Company, it must be signed in line with the Company's Contract Policy and where such contract is required to be under seal, it shall be signed and sealed by the Company Secretary who is the custodian of the Company's seal and countersigned by the Chairman or a designated Director where the Chairman is unavailable to countersign the contract.

3.7.2 A register of documents that have been affixed with the company seal should be presented for viewing at every board meeting and regularly updated for the information of the board.

3.7.3 For any resolution to be binding on the Company, it must be signed by the Company Secretary and countersigned by the Chairman or a designated Director where the Chairman is not available to countersign the resolution.

3.7.4 Only extracts of resolutions passed by the Board or shareholders in a general meeting shall be signed by the Chairman and the Company Secretary or a designate Director where the Chairman is not available to countersign the resolution.

3.8 **Code of Professional Conduct**

3.8.1 The Board shall in the course of discharging its responsibilities exercise its best efforts in ensuring that it complies with the following principles and practices:

3.8.1.1 **Financial Disclosure**

3.8.1.1.1 There shall be a high degree of accountability by Directors to shareholders and other stakeholders of the Company and by the CEO and Executive Management Team to the Board.

3.8.1.1.2 The Board shall ensure compliance with all regulatory requirements to disclose financial information.

3.8.1.1.3 The Board shall regularly provide the shareholders with a balanced and clear report of the Company's performance, position and prospects in line with regulatory requirements.

3.8.1.1.4 The CEO of the Company shall provide all members of the Board with a balanced and clear report of the Company's performance, position and prospects on a regular basis.

3.8.1.2 **Due Process and Disclosure Requirements**

3.8.1.2.1 The Board shall ensure transparency, due process, data integrity and adherence to disclosure requirements by the Company.

3.8.1.2.2 The Board shall ensure that all matters required by law to be disclosed by the Company are disclosed in the Company's annual report including matters relating to information on the Directors and their shareholding, related party transactions, Board Committee membership, Board Committee duties and activities.

3.8.1.2.3 Directors, Executive Management Team and members of staff of the Company shall ensure due process in all the procedures of the Company.

3.8.1.3 **Conflict of Interest**

3.8.1.3.1 The Board shall ensure that all members are aware of the conflict of interest provision in the Company's Code of Conduct Policy and adhere to the procedures set out therein at all times.

3.8.1.3.2 Directors shall disclose promptly, any real or potential conflict of interest that they may have regarding any matter brought before the Board.

3.8.1.3.3 Where a director is not certain of the existence of a conflict of interest, the Director shall approach the Chairman or the Company Secretary for guidance and advice.

3.8.1.3.4 In the event that Board members have interests that may conflict with specific Board interests, they will be excused from the relevant Board or Board Committee deliberations and decisions.

3.8.1.4 **Relationship with Shareholders**

3.8.1.4.1 The Board shall serve the genuine interests of the Shareholders of the Company and account to them fully.

3.8.1.4.2 The Directors' shall promote effective communications and encourage greater shareholders' participation in meetings and allow shareholders the opportunity to communicate their view on all matters affecting the Company through the Company Secretary or at the Annual General Meetings.

3.8.1.4.3 The Board shall ensure that the statutory and general rights of the shareholders are protected at all times.

3.8.1.4.4 The Board shall ensure that decisions reached at general meetings are implemented.

3.8.1.5 **Commitment to the Highest Business Ethics**

3.8.1.5.1 Driven always by its core values, the Board shall ensure that the Company carries out its business responsibly and in adherence to the highest standards of ethical conduct in accordance with its Code of Conduct policy.

3.8.1.5.2 The Board of the Company as well as its Management shall adopt a zero-tolerance approach to unethical practices and shall champion adherence to an ethical code in all conduct.

3.8.1.5.3 In its dealings with all its stakeholders, the Company shall uphold the highest degree of ethical behavior and must be seen to be conducting its business and pursuing its objectives responsibly.

3.8.1.6 **Prohibition of Insider Trading**

The Board, Management and all insiders of the Company shall refrain from insider trading activities and abide by the provisions of the Companies and Allied Matters Act, Investments and Securities Act and all extant rules and regulations of the Securities and Exchange Commission and the Nigerian Stock Exchange relating to and or prohibiting insider trading in the securities of the Company or its related subsidiaries as applicable.

3.9 **Authority**

3.9.1 The Board will have direct access to, and receive regular reports from the Executive Management Team of the Company.

3.9.2 The Board will have authority to conduct or direct investigations into any matter relating to the Company's affairs.

3.9.3 The Board has full and free access to the officers and employees of the Company and its subsidiaries.

3.9.4 The Board is authorized to obtain advice and assistance from independent professional advisers in discharging its duties.

3.9.5 The Board is authorized to hire independent legal, financial or other advisers as it may deem necessary in discharging its duties.

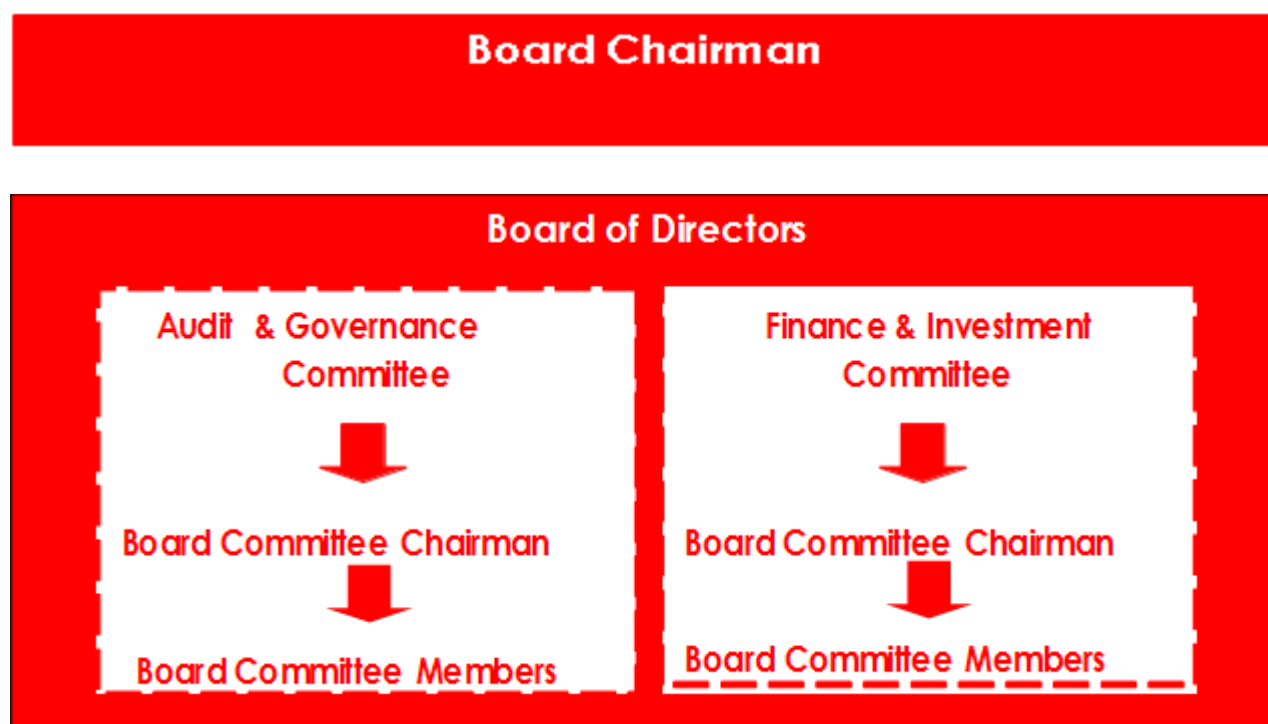
3.9.6 The CEO shall be responsible for executing decisions of the Board and ensure compliance with all the Company's governance documents, applicable laws, statutes and regulations

3.10 **Annual Board Evaluation and Committee Effectiveness**

3.10.1 The AGC shall through external consultants conduct an independent evaluation of individual Board members, the Board and the Board Committees through a formal and rigorous process to determine whether they are functioning effectively.

3.10.2 The external consultants shall report their outcome and recommendations to the Chairman of the Board.

4 **Board Governance Structure**



5 Board Committees

5.1 The Board shall delegate some of its specific authorities to the Board Committees mentioned below:

- i. Audit & Governance Committee
- ii. Finance and Investments Committee (FIC)

5.2 Guiding Principles for Board Committees

5.2.1 The Chairman of the Board shall appoint Board Committee members and their Chairmen for a renewable term of two (2) years upon recommendation of the AGC.

5.2.2 Only Directors are members of the Board Committees. Any other person is in attendance by invitation.

5.2.3 It is the prerogative of the Board Committee Chairman to convene a meeting.

5.2.4 All Board Committees must comprise a majority of Non-Executive Directors.

5.2.5 The AGC shall consist of only Non-Executive Directors.

5.2.6 The FIC shall consist of Non-Executive Directors and the CEO while the Chief Financial Officer, or Head, Internal Audit may be in attendance by invitation.

5.2.7 The Board Committees should be a minimum of three (3) members and a maximum of five (5) members.

5.2.8 One-third of the members shall form a quorum including the Chairman provided that where the quorum results in a fractional number. It shall be rounded to the nearest whole number.

5.2.9 In a Committee of three members, the quorum shall be two members including the Chairman.

5.2.10 The Chairman of the Committee must be included in the formation of a quorum.

5.2.11 Where the Chairman is unable to attend a meeting due to unforeseen circumstances, he shall nominate a director from within the Committee to Chair the meeting in his stead.

- 5.2.12 The Committee shall meet at least quarterly or as may be determined by its Chairman.
- 5.2.13 It is the Committee Chairman's prerogative to convene a meeting
- 5.2.14 All decisions of the Board Committees shall be subject to the ratification of the Board, upon recommendation of the Committee.
- 5.2.15 Board Committee decisions/recommendations must be signed by the Chairman of the Committee and sent to the Board through the Company Secretary before the Board meeting.
- 5.2.16 Except with the prior approval of the Chairman, no item will be presented to the Board Committee for approval if not sent to the Committee members at least 48 hours before the Board meeting.
- 5.2.17 The Chairman of the Board Committees is responsible for setting the agenda for each meeting.
- 5.2.18 In the event that a particular matter is not captured under any Board Committee's Terms of Reference or Mandate, the Chairman of the Board may, from time to time, set up an ad-hoc committee to address issues/projects of a specific nature.
- 5.2.19 Save as may be modified in this section, the provisions of section 3 of the charter (Proceedings of Directors) shall apply to the Board Committees as if each committee were the Board.
- 5.2.20 **Disclosure**
- 5.2.20.1 The membership of the Committees and a description of its duties and activities during the year shall be disclosed in the annual report of the Group
- 5.2.19.2 The Chairman of the Committees shall be available at the Company's Annual General Meeting to answer questions relating to the Committee's work.
- 5.2.21 **Training**
- The Chairman of each Committee shall make available to new members a suitable induction process, and for existing members, Ongoing training as determined by the Committee.

5.3 **Authority**

- 5.3.1 Each Committee will have authorities as assigned through the Board & Board Committees Governance Charter and approved relevant Company policies.
 - 5.3.2 Each Committee will have authority to conduct investigations into any matter relating to the Committee's Terms of Reference.
 - 5.3.3 Each Committee is authorized to hire independent legal, financial or other advisers as it may deem necessary in discharging its duties at the expense of the Company.
 - 5.3.5 The CEO shall be responsible for executing all decisions of the Committees and ensure compliance with all Company governance documents, applicable laws, statutes and regulations
- 5.4 Regulations for each of the Board Committees incorporating the Terms of Reference for the Committees are presented below.

6 Audit & Governance Committee

6.3 Mandate

The Audit and Governance Committee (AGC) is responsible for carrying out the Board's specific functions as it relates to oversight of the Company's governance, internal audit risk management, recruitment, remuneration, regulatory and policy formulation as it relates to the Committee's mandate.

6.2 Terms of Reference

6.2.1 Board Nomination

- 6.2.1.1 Advise and recommend to the Board the composition of the Board and establish procedures for the nomination of new Directors.
- 6.2.1.2 Recommend to the Board, directors for election and re-election.
- 6.2.1.3 Propose candidates to the Board for all Board positions.

6.2.2 Recruitments / Promotions / Disengagements

- 6.2.2.1 Propose to the Board, candidates for the position of CEO, Executive Director (s) and members of the Executive Management Team for the Company and Subsidiaries.
- 6.2.2.2 Recommend to the Board for approval, all recruitments, promotions, redeployments and disengagement of staff of the Company and its subsidiaries from mid-level Management to senior level Management and all for Executive Management Team.
- 6.2.2.3 Recruitments shall be in line with the approved Organizational Structure of the Company and its Subsidiaries as applicable.
- 6.2.2.4 Review and evaluate the skills of members of the Board.
- 6.2.2.5 Approve recruitment policies, appointment policies, promotion policies of the Company.
- 6.2.2.6 Review and recommend for Board approval, all human resources and governance policies for the Company.
- 6.2.2.7 Select and Review appointments of Independent External Auditors and recommend to the Board for approval prior to the Board's recommendation to shareholders for ratification.
- 6.2.3 **Compensation**
- 6.2.3.1 Review and approve Compensation Policy and recommend to the Board, compensation for all staff of the Company and Subsidiary Boards.
- 6.2.3.2 Develop a Remuneration Policy for Directors and recommend the compensation for Directors, the CEO and Executive Management Team of the Company.
- 6.2.3.3 Approve compensation policy and review compensation for all staff of the Company.
- 6.2.3.4 Determine compensation for Subsidiary Boards
- 6.2.3.5 Recommend the entitlements of Directors to the Board for approval.
- 6.2.3.6 Recommend compensation for the CEO, Executive Director(s) and Executive Management Team for approval by the Board.

6.2.4 **Training**

6.2.4.1 Organize Board and Board Committees inductions and trainings.

6.2.4.2 Organize training for the Board on all aspects of governance practices and compliance to ensure that it can carry out its decision making and oversight functions effectively.

6.2.5 **Appraisal & Evaluation**

6.2.5.1 Review and evaluate the skills of members of the Board using the skills matrix found in Appendix C.

6.2.5.2 Evaluate and appraise through external consultants, the performance of the Board and Board Committees and its members annually.

6.2.5.3 Evaluate annually the independence and performance of the External and Internal Auditors

6.2.5.4 Review and evaluate the CEOs annual evaluation of the Executive Management Team and decide on their individual compensation packages in accordance with the remuneration policy for the Executive Management Team

6.2.5.5 Recommend for Board approve the accountabilities and performance appraisal framework for the Executive Management Team as defined by the CEO.

6.2.5.6 Appraise the performance of the CEO, and the Executive Management Team of the Company and its Subsidiaries against Key Performance Indicators, with a report of the appraisal submitted to the Board.

6.2.5.7 Define the CEO's accountabilities and performance appraisal framework.

6.2.6 **Discipline & Dismissal**

6.2.6.1 Act as the Disciplinary Committee of the Board for the CEO, Executive Director(s) and the Executive Management Team including subsidiary CEOs.

6.2.6.2 Approve the Disengagement (resignation, retirement, termination, dismissal, redundancy and invalidation on medical grounds) of Executive Management Team members.

6.2.7 **Succession**

- 6.2.7.1 Ensure that a succession plan exists for Board and members of the Executive Management Team.
- 6.2.7.2 Review the Executive Management Team succession plans and make recommendations to the Board

6.2.8 **Policies, Governance & Structure**

- 6.2.8.1 Recommend the organization structure of the Company to the Board for approval.
- 6.2.8.2 Review and approve all human resources and governance policies of the Company.
- 6.2.8.3 Advise the Board on corporate governance standards and policies.
- 6.2.8.4 Provide a central source of guidance and advice to the Board and company on matters of ethics, conflict of interest and good corporate governance.
- 6.2.8.5 Evaluate the overall system of Corporate Governance for the Company and propose any changes to the Board for approval.
- 6.2.8.6 Recommend to the Board for approval, the Board Governance and Board Committee and Executive Management Governance frameworks/mechanisms, and conduct its periodic review as it deems appropriate.
- 6.2.8.7 Recommend to the Board for approval, the Policy framework and procedures for the Company and its subsidiaries
- 6.2.8.8 Review and recommend to the Board and Shareholders any changes to the Memorandum and Articles of Association.
- 6.2.8.9 Deliberate and respond on behalf of the board to regulatory reports/ comments

6.2.9 **Regulatory and Internal Audit**

- 6.2.9.1 Evaluate annually the independence and performance of the External and Internal Auditors.
- 6.2.9.2 Ensure that an effective system of audit and internal control is put in place.

- 6.2.9.3 Ensure compliance with laws and regulations.
- 6.2.9.4 Evaluate the adequacy of internal audits and internal controls to ensure the integrity of the Company's financial statements and adopt special audit steps in the event of significant control deficiencies, if any including those reported by the Internal Audit.
- 6.2.9.5 Monitor processes designed to ensure compliance by the Company in all respect with legal and regulatory requirements, including disclosure controls and procedures and the impact (or potential impact) of developments related thereto.
- 6.2.9.6 To be informed promptly by the CEO, Company Secretary and Internal Auditor, of any regulatory infractions and to review any correspondence of significance with regulators or government agencies and any employee complaints of significance or analysts report which raise significant issues. Obtain explanations from management and consider whether such matters indicate the need for further investigation, modification of policies and/or disclosures and ensure systems are put in place to address any weaknesses.
- 6.2.9.7 Put in place and review the procedures to identify and understand related parties and significant related party transactions, and consider the transparency of the related disclosures.
- 6.2.9.8 Obtain assurance from the Executive Management Team, The Head, Internal Control and the External Auditors that they know of no significant instances in which the Company's subsidiaries are in breach of applicable legal and regulatory requirements, including disclosures of insider and related party transactions.
- 6.2.9.9 Review with the Company Secretary, legal matters that may have a significant impact on the company's statements, the Company's compliance policies and any significant reports or inquiries received from regulators or government agencies.
- 6.2.9.10 Review Audit exception reports relating to the Company's compliance of major policies including Expense and HR policies.
- 6.2.9.11 Review Fraud losses and recommend controls that will address these to the Board.
- 6.2.9.12 Approve the program established by Management that monitors compliance with the Code of Conduct and review the record of such compliance.

- 6.2.9.13 Put in place a Whistle Blowing Policy to be managed by the Head, Internal Audit with reports sent directly to the AGC.
- 6.2.9.14 Review Regulatory reports and ensure systems are put in place to address any weaknesses.
- 6.2.9.15 Respond to Regulators on behalf of the Board in respect of their exceptions.
- 6.2.9.16 Review and approve the Internal Audit charter.
- 6.2.9.17 Recommend, in line with best practice, the Head, Internal Auditor for appointment by the Board.
- 6.2.9.18 Approve the promotion of Head, Internal Audit and senior management of the Audit Department. These promotions must be based on approved promotion eligibility criteria and the approved annual Manpower plan by the Board.
- 6.2.10 **Risk Management**
- 6.2.10.1 Review and recommend for approval to the Board, Company Policies relating to risk management.
- 6.2.10.2 Ensure that risk assessments are performed on a continual basis and ensure that risk Management frameworks and methodologies are in place and integrated into the day to day operations of the Company to increase the probability of anticipating unpredictable risks.
- 6.2.10.3 Monitor, review and assess the integrity and adequacy of the overall risk management framework of the Company.
- 6.2.10.4 Monitor, review and assess the integrity and adequacy of all Company policies.
- 6.2.10.5 Recommend all approval limits for Executive Management and Board Committees to the Board for approval.
- 6.2.10.6 Review and on a continuous basis update the policies, frameworks and procedures of the Company subject to the approval of the Board.
- 6.2.10.7 Monitor compliance risk and ensure that the Company operates ethically.

- 6.2.10.8 Advise the Board on any emerging risks that the Company is or could be exposed to and recommend mitigation actions.
- 6.2.10.9 Advise the Board of significant control failures and tracking.

7 Finance & Investment Committee

7.1 Mandate

The Finance and Investment Committee (FIC) is responsible for discharging the Board's specific functions as it relates to strategic direction and budgeting, oversight on financial matters, the performance of the Company and policy formulation as it relates to the Committees mandate.

7.2 Terms of Reference

- 7.2.1 Formulate and shape the strategy of the Company and make recommendations to the Board for approval.
- 7.2.2 Review and recommend investment opportunities or initiatives to the Board.
- 7.2.3 Safeguard the assets and income of the Company.
- 7.2.4 Recommend financial and investment decisions within its approved limits on behalf of the Board.
- 7.2.5 Evaluate the continued relevance of and need for any subsidiary and make appropriate recommendations to the Board.
- 7.2.6 Establish triggers / criteria and procedures for dissolving subsidiaries.
- 7.2.7 Ensure that an effective system of financial and internal controls is in place.
- 7.2.8 Monitor and assess the overall integrity of the financial statements and disclosures of the financial condition and results of operations of the Company.
- 7.2.9 Recommend dividend payments to the Board for approval.
- 7.2.10 Assist the Board in discharging its responsibilities on Information Technology (IT) as it relates to financial reporting and the status of the company as a going concern.

- 7.2.11 Monitor and evaluate on a regular basis, the qualifications, independence and performance of the External Auditors, the Internal Auditor and Financial Control Departments as it relates to the Company's Financials.
- 7.2.12 In carrying out its functions, the FIC may engage an adviser on behalf of the Board to facilitate an annual review of the Company's long term plans and the principal issues that the Company's will face in the future.
- 7.2.13 Review the budget of the Company and make recommendations to the Board for approvals above its limit.
- 7.2.14 Review and recommend to the Board the annual manpower plan for the Company as part of the budget approval process. The manpower plan shall at a minimum include the vacancies, maximum levels, cost implication, etc.
- 7.2.15 Recommend the annual estimated number of staff to be promoted based on agreed promotion eligibility criteria as part of the annual budget exercise.
- 7.2.16 Monitor performance of the Company against budget.
- 7.2.17 Consider and approve extra budgetary expenditure as specified in the approved Expense policy to be approved by the Board.
- 7.2.18 Develop and review a Board information system needed for the Board to carry out its oversight role.
- 7.2.19 Ensure that an effective system of Audit and Internal Controls is in place to:
- 7.2.19.1 Assure the integrity of the Company's financial statements
 - 7.2.19.2 Safeguard the assets and income of the Company.
- 7.2.20 Review with the Executive Management Team and the External Auditors the annual audited financial statements before its submission to the Board.
- 7.2.21 Evaluate the adequacy of internal audits and internal controls that could significantly affect the Company's financial statements and special audit steps adopted in the event of significant control deficiencies, if any, including those reported by Internal Audit.

- 7.2.22 Review the Company's investment portfolio annually or as occasion demands.
- 7.2.23 Review investment/divestment proposals on behalf of the Company and recommend to the Board for approval.
- 7.2.24 Review all the Company's investment proposals irrespective of the amount, before presenting to the Board.
- 7.2.25 Review any new business activity by the Company irrespective of the amount of capital commitment and recommend to the Board for approval.
- 7.2.26 Review from time to time the capital (debt/equity) requirements of the Company and recommend to the Board for approval.
- 7.2.27 Approve the following policies of the Company:
 - 7.2.27.1 Accounting and Financial policies
 - 7.2.27.2 Expense Policies
 - 7.2.27.3 Investment policies
 - 7.2.27.4 Recommend Dividend policies to the Board for approval
 - 7.2.27.5 Any other policies/matters relating to the title of the committee

8 Statutory Audit Committee

- 8.1 The SAC exists as a legal requirement applicable to public/listed companies. Its composition, responsibilities and terms of reference are as provided for under Section 359(3) and (4) of CAMA
- 8.2. It is the responsibility of the Board to ensure that the SAC is constituted and functioning effectively in the discharge of its statutory duties.
- 8.3 The Board shall appoint three (3) of its members on the SAC to complement additional three members that shall be appointed by the shareholders.
- 8.4 SAC is not a Board Committee but being a committee of the Company, the SAC shall send its reports to the Board of Directors through the Board's representatives on the SAC.

9 Review

This Charter shall be reviewed every two years by the AGC to reassess its adequacy and recommend any proposed changes to the Board for approval.

Appendix A

MONTHLY REPORT		
MONTHLY PERFORMANCE (N'M)		TOTAL
REVENUE FOR THE MONTH		-
PBT FOR THE MONTH		-
OPEX FOR THE MONTH		-
STAFF COST FOR THE MONTH		-
YTD PERFORMANCE (N'M)		
YTD REVENUE		-
YTD PBT		-
YTD OPEX		-
YTD STAFF COST		-
MONTHLY BUDGET PERFORMANCE - %ACHIEVEMENT		
REVENUE FOR THE MONTH (Actual/Budget)		
PBT FOR THE MONTH (Actual/Budget)		
OPEX FOR THE MONTH (Actual/Budget)		
STAFF COST FOR THE MONTH (Actual/Budget)		
YTD BUDGET PERFORMANCE - %ACHIEVEMENT		
YTD REVENUE (Actual/Budget)		
YTD PBT (Actual/Budget)		
YTD OPEX (Actual/Budget)		
YTD STAFF COST (Actual/Budget)		
KEY BALANCE SHEET ITEMS (N'M)		
CASH & SHORT TERM INVESTMENTS		-
FIXED ASSETS – COST		-
TOTAL DEBT - LONG & SHORT TERM LOANS		-
SHAREHOLDERS' FUNDS		-

MONTHLY REPORT		
TOTAL ASSETS		-
KEY OPERATIONS ITEMS		
NUMBER OF STAFF		
NUMBER OF STAFF EXITS		
NUMBER OF STAFF NEW HIRES		
NUMBER OF CONTRACT STAFF		
NUMBER OF CONTRACT STAFF EXITS		
NUMBER OF CONTRACT STAFF NEW HIRES		
NUMBER OF FRAUD RELATED INCIDENTENCES		
NUMBER OF PENDING LITIGATIONS		
NUMBER OF REGULATORY INFRACTIONS		
FOR THE MONTH		
CURRENT RATIO		
QUICK RATIO		
PBT MARGIN		
GROSS PROFIT MARGIN		
YTD		
CURRENT RATIO		
QUICK RATIO		
PBT MARGIN		
GROSS PROFIT MARGIN		

Appendix B

1. GROUP FINANCIAL PERFORMANCE						
MEASURED CRITERIA	COMPONENTS	FREQUENCY	DESCRIPTION/PURPOSE	PREPARED BY	REVIEWED BY	APPROVED BY
EARNINGS	Revenue, PBT	Monthly	Periodic revenue report to track income generation and cost patterns	Finance Officer	CFO	CEO
LIQUIDITY	Current and quick ratios, accounts receivables and accounts payables, accruals, treasury report	Monthly	Ratios computed on a monthly basis, with other items reported monthly	Finance Officer	CFO	CEO
PROFITABILITY	ROE, PBT and Gross Margins	Monthly	Parameters which measure the value the business is creating as it translates to monetary returns. Thus highlighting the viability and continued sustainability of the business	Finance Officer	CFO	CEO
CAPITAL MANAGEMENT	Dividend payments (or retained), CAPEX, bank loans (short & long term)	Quarterly	All activities that may affect the capital of the business. Needed to monitor capital adequacy matters	Finance Officer	CFO	CEO

APPENDIX C

Board Candidate Criteria
<p>General Criteria</p> <p>High ethical standards and integrity. Willing to act on and be accountable for board decisions. Have a proven track record in their chosen field and be of repute. Ability to provide wise, thoughtful counsel on a range of issues. Have a history of achievements that reflect high standards for themselves and others. Will be loyal and committed to driving the success of the Company. Able to take tough positions while being a team player. Have an entrepreneurial spirit.</p>
<p>Specific Criteria</p>
<p>Major Strength</p>
<i>Business Management</i>
<i>Financial literacy</i>
<i>Financial Expertise</i>
<i>Accounting and Audit</i>
<i>Business Development</i>
<i>Change management</i>
<i>Human Resources</i>
<i>Other (Government relations...)</i>
<p>Core Area Expertise</p>
<i>[insert core area]</i>
<i>[insert core area]</i>
<i>[insert core area]</i>