Change Express Ltd – Board Charter

1 Board

1.1 Role of the Board

The Board is the focal point of the corporate governance system and is ultimately accountable and responsible for the management, direction or supervision of the business and affairs of the Company. The Board is ultimately responsible for ensuring that the Company remains a going concern and thrives. It must therefore ensure that it effectively controls the Company, directs and controls Management and is involved in all decisions affecting the Company which it considers to be material.

The prime role of the board is to oversee the proper functioning of the Company. To fulfil this role, it is necessary that the board has clear, well defined and understood responsibilities in that regard. The board should have a balance of skills, knowledge, experience and perspectives so that it is able to work effectively to ensure that the safety and soundness of the Company is not undermined. The board should possess a reasonable knowledge of risks specific to the entire spectrum of the Company's activities.

1.2 Composition and qualification

- The Board will comprise of at least five members who are natural persons, with:
  - A minimum of 40% of independent directors including where applicable, a "lead independent director" designated from among the independent directors and
  - the number of directors who may hold any other office in the Company shall not more be than three (3).
- The chairperson of the board shall be an independent director. However, in exceptional circumstances, the chairperson may be a non-executive director. The role and responsibilities of the board chairman are outlined in Appendix A.
- The Chief Executive Officer (CEO) of the Company shall be a member of the board.
- In line with the applicable banking legislations, no director of the Company shall be at the same time a director or a senior officer or an employee of any other financial institution except with the approval of the central bank.
- In order that board members are able to devote quality time to the oversight of the Company's activities, the Company should ensure that the directors, particularly the independent and non executive directors, are not involved as directors in too many organisations.
- There shall be an appropriate balance of power between the executive and independent/non-executive directors such that no individual or small group of individuals dominates the board's decision making process.

1.3 Responsibilities and duties of the Board

- The board is ultimately responsible and accountable for overseeing the proper functioning of the Company. The board shall:-
  1) determine appropriate policies and processes to ensure the integrity of the institution's risk management practices and internal controls, communication policy, director selection, orientation and evaluation;
  2) retain full and effective control over the Company and be responsible for the appointment and monitoring of management in its implementation of the board's approved plans and strategies;

3) function independently of management and put in place appropriate structures and procedures to achieve and project its independence;
4) appoint and monitor management in order to allow the public to perceive that the board is independent and operates at a level higher than management;
5) question, scrutinize and monitor, in a pro-active manner the performance of management, the board subcommittees and the individual directors;
6) ensure that the Company's policies and systems are effective enough to achieve a prudential balance between the risks and potential returns to the shareholders;
7) monitor and assess risks in order to achieve the continuous viability of the Company at all times;
8) see that adequate systems and procedures have been established, and sufficient resources committed to ensure compliance with the requirements of laws, regulations and guidelines issued by the Bank;
9) review the effectiveness of the applicable systems and controls from time to time; and
10) always remain responsible for the overall stewardship of the Company and must be ready to question, scrutinize and monitor, in a pro-active manner, management's performance.

- The board shall also:-

11) give strategic directions to the Company, appoint its CEO and ensure that succession is planned throughout the Company;
12) approve the Company's objectives, strategies and business plans;
13) ensure that the Company's operations are conducted prudently and within the framework of laws and board policies and that any deviation is reported to an appropriate level of management, or if necessary, to the board;
14) ensure that management reports any deviations to the board;
15) ensure that the Company's affairs are conducted by a competent senior management team with a high degree of integrity and compliance with code of business practice;
16) approve the budget of the Company.

It is to be noted that the above list of board responsibilities is not exhaustive and may evolve over time. Accordingly, the board shall also be bound by all such relevant duties and responsibilities as stipulated in other applicable legislations and guidelines, but presently not covered in this Manual.

1.4 Board adherence to legal and regulatory guidelines

1.4.1 Board responsibility

The board has the ultimate responsibility for ensuring that operations of the financial institute are in conformity with the legal and regulatory framework. In this context, the board shall

- understand the regulatory environment in which the Company operates;
- devise appropriate processes to be apprised of adherence to regulatory requirements;
- ensure systems, processes and controls are in place to give assurance;
- put in place the necessary mechanism for feedback in respect of recommendations made and actions taken where appropriate; and
- be apprised of any failures to comply with any law, regulation and guideline.

1.4.2 Compliance

- Effective corporate governance warrants a solid compliance culture within the Company. The board shall emphasise on ensuring adherence to laws, regulations, procedures, processing and controls amongst others, and such culture should be instilled in every staff member of the Company.

- The board shall ensure that
  - there is an appropriate structure in place for identifying, monitoring and managing compliance risk and necessary feedback is obtained for an effective monitoring on a timely basis;
  - it obtains appropriate management information on a timely basis; and
  - the members of the staff obtain appropriate training.
  - The compliance function has a line of reporting to the board or an appropriate committee of the board.

1.4.3 Fit and proper person criteria

- Board members shall be subject to the fitness and probity test as required by the Fit and Proper Person Policy of the Company, both upon their appointment and on a continuing basis. The Board shall regularly review the established criteria to ensure that they are up to date and in conformity with the central bank's guidance notes of 'Fit and Proper person' test.

- The Company, under the responsibility of the board chairman, shall submit for approval by the central bank, a Fit and Proper Person Questionnaire together with the documents as required in the Guideline on Fit and Proper Person Criteria, in respect of all freshly appointed directors, within 1 month following their appointment.

1.4.4 Orientation programme

- The Company should provide an orientation program for new directors as well as a periodic refresher program for the existing directors. The program will, amongst others, include
  - discussions on responsibilities and legal obligations of a director and the board as a whole;
  - discussions on the nature of the business of the Company, current issues within the Company, conditions in the industry, corporate strategy and expectations of the Company and its stakeholders; and

- To the extent that appropriate leadership training is dispensed by reputable external service providers, all directors should follow such leadership training on governance matters, provided that the leadership training programs are approved by the Central Bank.

1.4.5 Ethical standard and corporate values

The board members, in keeping with their responsibilities to the shareholders and other stakeholders, shall

- commit to the achievement of business success and enhancement of long term shareholder value with the highest standards of integrity and ethics. Each director as well as each member of senior management is therefore expected to lead by example in an environment that emphasizes trust, interest, honesty, judgment, respect, responsibility and accountability;

- ensure senior management implements the strategic plans and procedures that are designed to promote a good and acceptable ethical balance;
- ensure that adequate policies are implemented to prohibit
  - discrimination of any kind;
  - improper use of the institution's property and/or information;
  - unfair dealing with customers/clients, employees and other stakeholders; and
  - any other unfair and /or unethical practices;
- ensure that a policy is put in place that encourages employees to freely communicate concerns about illegal, unethical or questionable practices to the board or committee thereof or to senior management, without fear of reprisal; and
- adopt and publish a written code of ethics that sets out explicit expectations for decision making and personal behaviour by all board members and employees in the performance of their duties.
- set out appropriate procedures including a transparent consumer charter for addressing grievances from the public in a swift and fair manner, which should include, amongst others, a complaints desk.
- adopt a clear policy setting out a guideline for determining the remuneration of executives, directors, key employees and staff that is fair and reasonable in a market for the skills, knowledge and experience of persons available and nature and size of the Company.

1.4.6 Board meetings

- The Board will meet at least once every quarter.
- In accordance with the Companies Act, a resolution in writing, signed or assented to by all directors then entitled to receive notice of a Board meeting, shall be as valid and effective as if it had been passed at a meeting of the Board duly convened and held. However, resolutions in lieu of meetings may be made by exception rather than the rule.
- The chairperson of the board shall ensure that clear and complete minutes of the board meeting are maintained and circulated to its members. The board chairman shall also ensure with the Company Secretary that the agenda of the meeting are communicated at a reasonable time prior to the meeting.
- The role and responsibilities of the Company Secretary are set out in Appendix A.

1.4.7 Duration of membership

- With the exception of executive directors, board directors shall cease to be a member after having served on the board for an aggregate period of six consecutive years.
- Notwithstanding the term of office of six years, an outgoing director may, with the prior approval of the Central Bank, be reappointed as director on the board after having observed a cooling period of two years. However, the Central Bank may, where it deems it fit, approve the reappointment of those directors who have not observed the cooling period.

1.4.8 Self-assessment

- The Board shall, once a year, assess its performance and effectiveness as a whole, and that of individual directors, against present benchmarks by establishing and implementing a well documented Review and Evaluation Guide, which shall include, among other things, an assessment of the board's
  - composition and independence;
  - performance against its objectives at the beginning of the year;
  - effectiveness in the company's strategic direction;

  - response to crises, if any;
  - responsiveness to shareholders' and stakeholders' concerns;
  - maintenance and implementation of board's governance; and
  - access to, and review of, information from management and the quality of such information.
- The assessment will include a review of the remuneration of each director to ensure that Board members are properly remunerated for their input and effort and that the level of remuneration properly reflects the level of responsibility.
- This exercise shall also be used to identify additional competencies and resources and enable the board to deliver its responsibilities more efficiently and effectively.
- The role and responsibilities of each director are listed in Appendix A.

1.4.9 Conflicts of interest

- The personal interest of a Board member, or persons closely associated with the Board member, must not take precedence over those of the Company.
- A Board member must provide full and timely disclosure in writing of any conflict or potential conflict to the Board. In case of a conflict, the Board member can still participate in the debate and indicate his / her vote on the matter. However, such vote should not be counted.

1.4.10 Demarcation of Board powers and management responsibilities

- The board may delegate the day to day operations of the Company to management. Where it delegates such power, the board shall have a formal charter which shall be disclosed in the summary of the annual report of the Company showing such delegation and the extent thereof.
- There shall be a clear demarcation of responsibilities of the board and management in the interest of an effective accountability regime. This approach will also set out the basis for measuring the CEO's effectiveness in achieving the corporate objectives entrusted to him by the board. The board, together with the CEO, shall develop a position description for the CEO, defining the limits to management's responsibility.
- Management is responsible for creating an accountability framework for its staff but is ultimately responsible to the board for the Company's performance. It would be quite appropriate and indeed preferable to seek the board's approval of the said framework respecting at least from the top level to the middle management level.

1.4.11 Nomination of new directors

- The nomination of new directors for appointment is entrusted to the Corporate Governance Committee. New directors should preferably be persons with sufficient skill and experience in Board matters and familiar with the business of the Company. A corporate body should not be considered for directorship.

- The Corporate Governance Committee should consider the following prior to the appointment of new directors:
  - ascertain whether potential new directors are fit and proper and are not disqualified from being directors;
  - the desired director characteristics and features (style, personality, character, age, chemistry);
  - investigation of the background of potential directors;

- key and supportive inputs expected from the incoming director, including experience, relevant skills and knowledge;
- ensure that the potential new director is fully cognisant of what is expected from a director, in general, and from him or her in particular;
- ensure that the right balance of skills, expertise and independence is maintained within the Board;
- ensure that there is a clearly defined and transparent procedure for shareholders to recommend potential candidates;
- ensure that potential candidates are free from material conflicts of interest and are not likely to simply act in the interests of a major shareholder, substantial creditor or significant supplier of the Company;
- roles and primary strengths of current board members and any "gaps";
- target appointment date.

- New directors who do not have previous Board experience should participate in Company-sponsored training courses for directors.

2 Board Committees

2.1 Legal requirement

- The Board may at its sole discretion decide to establish any such sub-Committee that it deems necessary to discharge its responsibilities effectively in key areas.
- Every board sub-committee shall have a clear and formal charter that sets out its role, schedule of meetings and delegated responsibilities while safeguarding the ultimate decision making authority of the board as a whole. The summary of the charter and membership of each board sub-committee shall be published in the annual report.
- Proceedings of sub-committee meetings shall be reported to the board to allow other directors to be informed and seek clarifications from the sub-committee members, if so desired.
- The Chairmanship of the sub-committees shall, as far as it is practical, be well distributed among the directors so that no individual is burdened with too many committees.
- All board sub-committees shall be subject to regular evaluation by the board to ascertain their performance and effectiveness. The board sub-committees' charter shall be reviewed periodically.
- The board shall, as far as it is practical, consider rotation of members and the chairperson of all board sub-committees taking into account the specific experience and knowledge required to sit on a particular committee.
- Board sub-committees shall comprise exclusively board members.

2.2 Authority of Committees

- The Board shall support and endorse the established sub-committees, which will operate independently of Management and be free of any organisational impairment.
- The Board shall have an oversight responsibility and the Committees shall assist the Board in fulfilling this responsibility.
- The sub-committees shall have unrestricted access to all information, including records, property and personnel of the Company, and must be provided with adequate resources in order to fulfill its oversight responsibilities.
- The sub-committees shall be authorised by the Board to:
  - Investigate any activities within their terms of reference.
  - Seek outside legal or other independent professional advice.

- Secure the attendance of outsiders with the relevant experience and expertise where necessary at the Company's expense.
- Seek any information it requires from any employee, and all employees are directed to co-operate with any requests made by the relevant committee.

2.3 Corporate Governance Committee

- The role of the Corporate Governance Committee is to ensure that the reporting requirements on corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the Guidelines on Corporate Governance as issued by the Bank of Mauritius.
- The Committee is also established to provide support to the Board on matters regarding nomination of new directors.

2.3.1 Composition

- The Corporate Governance Committee shall be composed of two independent directors.
  - The Board Chairman shall not be the chairperson of the Corporate Governance Committee.
  - The Chief Executive Officer may be, upon invitation, in attendance at the Corporate Governance Committee.

2.3.2 Meetings

- The Corporate Governance Committee should meet on at least one occasion during any financial year.

2.3.3 Corporate Governance Charter

- The Committee shall establish a clear and formal Corporate Governance Charter that shall include, at minimum, its role, delegated responsibilities, schedule of meetings and membership requirements, while safeguarding the ultimate decision making authority of the Board.

2.4 Audit and Risk Committee

- The Committee is established to provide additional assurance to the Board regarding the quality and reliability of the financial information used by the Board and the financial statements issued by the Company. For that purpose, it is recommended that at least 1 member of the audit committee shall have a financial background and be conversant with both the International Auditing Standards and International Financial Reporting Standards.
- The Committee is give support to the Board on Company's risk profile & risk management.

2.4.1 Composition

- The Audit and Risk Committee shall be composed of two independent directors.
- The Board Chairman shall not be the chairperson of the Audit and Risk Committee.
- The Chief Executive Officer, the Internal Auditor and the Compliance Officer of the Company shall be in attendance at the Audit and Risk Committee.

2.4.2 Meetings

- The Audit and Risk Committee shall meet a minimum of 4 times during a financial year, or more frequently as circumstances dictate.
- Meetings should be held prior to Board meetings and correspond with major phases of the financial reporting, external audit and internal audit cycles.

2.4.3 Audit and Risk Charter

- The Committee shall establish a clear and formal Audit and Risk Charter that shall include, at minimum, its role, delegated responsibilities, schedule of meetings and membership requirements, while safeguarding the ultimate decision making authority of the Board as a whole.

3 Board Supervisory role over Management

The Board of Directors shall have a supervisory oversight over the senior management of the Company. Thus, the Company shall have a senior management team which shall invariably comprise the CEO, the person who normally replaces the CEO in his/her absence and such other senior officers of the Company as the board may decide.

Senior management

1) Senior management shall
   - have the necessary skills to manage the business under the oversight of the board;
   - implement the strategies and policies approved by the board and ensure that these strategies and policies are communicated to all relevant staff;
   - be responsible for the design and monitoring of the control system and, in particular and without prejudice to the generality of this requirement, shall ensure that there exists an adequate segregation of duties, prevalence of dual control in all areas where required and situations of conflicts of interest are avoided; and
   - provide the board with timely, relevant and complete information on the affairs of the Company as may be required by the board for effective discharge of its responsibilities.
2) Senior officers must be in a position to exercise appropriate control over the key personnel in the businesses under their responsibility.
3) No person shall be appointed as the senior officer of the Company unless his appointment has satisfactorily met all the prevailing regulatory requirements and statutory obligations falling under Section 46 of the Banking Act and the Guidelines on Section 46(2) of the Banking Act 2004 – Appointment or Reappointment of Senior Officers
4) Furthermore, in the interest of better control, it is important that key management decisions are taken through management committees to prevent concentration of authority in a single individual and to avoid the following:
   - senior officers being overly involved in business line decision-making;
   - senior officers being assigned a business to manage without the necessary expertise and skills;
   - senior officers being unwilling to exercise control over successful, key employees for fear of losing them.

To that effect, it is necessary for Management Committees to be held on a monthly basis; with major managerial deliberations being reported to the Board or any such Committees as may be directed by the Board.

Chief Executive Officer

1) The CEO shall be
   - a suitably qualified person with the requisite competencies to manage the affairs of the Company;
   - a fit and proper person and this should be evaluated, at the very least, by reference to the requirements of the Fit and Proper Person Policy of the Company;

- directly responsible for the day to day operations of the Company and shall be conversant with the state of internal control, the prevailing legislation as well as current issues and policies affecting the financial sector.

2) Where the CEO is absent, the Company shall inform the central bank of the person who will replace the CEO during his absence. The person so nominated shall be fully acquainted with the affairs of the Company and shall be able to act promptly, and with authority, in matters concerning the Company.
3) The CEO, with the active involvement and overview of the board, is responsible for leading the Company into the future and must, therefore, take the initiative of setting the vision and long and short-term goals. He must ensure that an appropriate strategic planning process is in place and take the lead in coming up with a proposed strategic plan, including the set objectives and measurable benchmarks. The board must approve the plan and monitor management's success in implementing the strategy and achieving results.
4) The Board shall, once a year, assess the performance and effectiveness of the CEO, against measurable benchmarks by establishing and implementing a well documented Review and Evaluation Guide.
5) Section 46 of Banking Act 2004 requires prior notice of 20 days for the appointment of senior officers. Accordingly the Company shall not appoint its CEO or make any public announcement of the proposed appointment of its CEO without complying with the required notification. The Bank should be satisfied that the person to be appointed or reappointed as CEO is a fit and proper person.
6) The detailed role and responsibilities of the CEO and other Management staff are set out in Appendix A.

4 Board reporting and disclosure requirements

1. The board shall
   - demand integrity both in financial reporting and in timeliness and balance of disclosures on the Company's affairs. The public disclosure shall, in the minimum, conform to the requirements of the Banking Act 2004 and the relevant guidelines with a bias towards greater transparency.
   - be responsible to ensure that the Company's financial statements fairly present the state of affairs of the Company as at the end of the financial year and the profit and loss and cash flow for the reporting period; and
2. The board should ensure that the annual report will
   - contain accurate disclosures in order to show a clear basis towards enhancing market discipline without in any manner violating Section 64 of the Banking Act 2004.
   - provide the minimum disclosures as required in the various guidelines.

Thus, it will, inter alia,

- include a statement confirming that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- certify that adequate level of accounting records and effectiveness of the system of internal controls and risk management are in place;
- state whether the International Financial Reporting Standards and the corporate governance guidelines have been adhered to and in case of non-compliance thereto, the Company shall give reasons thereof;
- disclose the shareholders holding directly or indirectly 10 per cent or more of its shareholding;
- disclose the directors' remuneration (at least on an aggregate basis) giving details of earnings, share options, restraint payments, and any other benefits;

- report any other corporate governance matters as required under section 8.4 of the National Code on Corporate Governance.

5 Internal Audit

1) Internal audit provides feedback to management on whether
   i. The internal control system in place is performing effectively and is adequate to mitigate risks consistent with the risk appetite of the Company, and
   ii. The organisational goals and objectives are met and corporate governance processes are effective and efficient
2) The Company shall have an internal audit charter defining the purpose, authority and responsibility of the internal audit functions and shall, among other issues, provide for:
   - the internal audit's role and responsibility for governance, risk management and fraud investigations to be set out;
   - the internal auditor to have access to the Audit and Risk Committee, employees, facilities and records of the Company; and
   - the internal auditor to report directly to the board or its Audit and Risk Committee in order to ensure independence from management.
3) The board or vested sub-committee, i.e the Audit and Risk Committee shall ensure that
   - the internal audit function is properly established with adequate authority, scope and resources to enable the auditors to operate professionally and proficiently;
   - the internal audit is performed by professionals having an in-depth understanding of the business culture, system and processes of the Company; and
   - robust internal audit procedures with appropriate reporting lines to the board or its audit committee are in place.
4) The internal auditor shall
   - develop an annual work plan which should include the scope, objectives, timing and resources for each assignment, for onward approval by the audit committee;
   - identify, analyse, evaluate and record sufficient information to achieve the internal audit objectives and once the audit is completed, results shall be communicated accurately and in a timely manner;
   - ensure that corrective actions have been taken, in a timely manner, on the deficiencies noted in the audit;
   - not assume any operational responsibilities as their objectivity will be impaired.
5) The detailed role and responsibilities of the internal auditor are set out in Appendix A.
6) The Board shall regularly assess the performance and effectiveness of the internal auditor by establishing and implementing a well documented Review and Evaluation Guide.

6 Internal Control Compliance

1) The board is responsible for ensuring that the Company has effective and adequate internal control and management information systems.
2) Senior management is responsible for the development and implementation of such adequate and sound internal controls and management information systems.
3) The board, through its audit committee, shall
   a) review the system of internal controls to determine whether it works to expectation and to ensure that it remains appropriate;
   b) ensure the integrity of the data and information produced;
   c) ensure that the internal audit function is duly recognized in the organisation by
      - appointing the head of audit at a senior level;

- enhancing the independence of the internal auditors by providing them with direct access to the Audit and Risk Committee and the Board
- staffing the internal audit division with approximately qualified professionals; and
- requiring timely rectification of deficiencies identified by the auditors

d) ensure that the Company complies with regulatory requirements, including prudential requirements and various reporting obligations.

7 External Auditors

1) The board, through its Audit and Risk Committee, shall
   - ensure the quality and independence of the external audit process;
   - satisfy itself that there is no relationship between the auditors and the Company or any related person that could compromise the independence of the auditors, and shall require confirmation of this from the auditors;
   - ensure that the auditors evaluate and make an opinion on the effectiveness of the Company's internal controls and accounting systems and other reports;
   - ensure that the appointment and re-appointment of the external auditors are in accordance with the applicable legislations.
2) The audit firm that provides auditing services may be engaged to provide other non-audit work subject to:
   - prior approval by the audit committee to avoid possible conflicts of interest and to ensure the independence and objectivity of the audit work;
   - the selection of the firm shall not be conditioned by the fact that it is already the external auditor of the Company;
   - the non-audit work not being in conflict with the firm's role as external auditor;
   - the remuneration for the non-audit work not being disproportionately large in relation to the audit fees; and
   - the person carrying out the non-audit work not being the partner/ engagement partner carrying out the audit work.
3) The annual report shall disclose
   - any non-audit work that was undertaken by the external auditors and the board shall explain how this has not compromised the auditor's independence;
   - the amount of fees paid to the auditors by the Company and shall clearly distinguish between audit and non-audit fees.
4) The Board shall regularly assess the performance and effectiveness of the external auditor by establishing and implementing a well documented Review and Evaluation Guide.
5) The detailed role and responsibilities of the external auditor are set out in Appendix A.

Appendix A - Key roles and responsibilities

A – 1: Chairman

The Chairman of the Board will:

- determine the agenda of Board meetings;
- preside over meetings of directors and ensure the smooth functioning of the Board in the interests of good governance;
- provide overall leadership to the Board without limiting the principle of individual responsibility for Board decisions.;
- encourage and ensure active participation of each director in discussions and Board matters;
- participate in the selection of Board members to ensure that the board has an appropriate mix of competencies, experience, skill and independence;
- oversee a formal succession plan for the Board, Chief Executive Officer and Management;
- ensure monitoring and evaluation of Board and directors;
- ensure that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions;
- ensure that there is sufficient time for decision taking;
- arrange for the induction programme of Board members;
- maintain sound relations with the Company's shareholders and other stakeholders (including customers and regulator) and ensuring that the principles of effective communication and pertinent disclosure are followed.

A – 2 Directors

1) The directors shall inter alia,
    - fully understand the function of the Board
    - be familiar with the relevant laws, rules and regulations pertaining to the Company's operations and ensure that these are complied with at all times
    - be familiar with the Company's goals, basic values and strategies and shall understand how best to conduct their work to attain these goals.

2) In order to fulfil their obligations towards good governance, directors must:
    - ensure that they have the time to devote to diligently carry out their responsibilities and duties to the Company;
    - exercise the utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company and must act independently of any outside fetter or instruction;
    - exhibit the degree of skill, care, good judgment and intuition as may be reasonably expected from persons of their competence and experience, and:
    - exercise both the care and skill any reasonable persons would be expected to show in looking after their own affairs as well as having regard to their actual knowledge and experience when performing their duties as a director of the Company;
    - qualify themselves on a continuous basis with a sufficient (at least a general) understanding of the Company's business and the effect of the economy so as to discharge their duties properly, including where necessary relying on expert advice;
    - always act in the best interests of the Company and never for any sectoral or other outside interest or party;

- never permit a conflict of duties and interests and must disclose potential conflicts of interest to the Board at the earliest possible opportunity;
- be informed about the financial, industrial, environmental and social milieu in which the Company operates;
- treat any confidential matters relating to the Company, learned in their capacity as a director, as strictly confidential and not divulge them to anyone without the authority (on a case by case basis) of the Board;
- insist that Board papers and other material information regarding the Company are provided in time for them to take independent and informed decisions;
- ensure that procedures and systems are in place to act as checks and balances on the information being received by the board and ensure that the Company prepares annual budgets and regularly updated forecasts against which the Company's performance can be monitored by the Board;
- ensure that a proper risk assessment of the Company's current operations and proposed projects under a variety of relevant scenarios is undertaken on a regular basis;
- be diligent in discharging their duties and obligations to the Company, regularly attend meetings and must acquire a broad knowledge of the business of the Company so that they can meaningfully contribute to its direction;
- be prepared and able, where necessary, to express disagreement (constructive dissent, not disloyalty) with colleagues on the Board including the Chairman and Chief Executive Officer;
- act with enterprise for and on behalf of the Company and always strive to increase shareholders' value, while having regard for the interests of all stakeholders relevant to the Company;
- obtain independent professional advice at the earliest opportunity, if in doubt about any aspect of their duties.
- endeavour to inspire good and positive morale amongst the staff

3) Each director should have a working knowledge of the following in order to ensure that they are in a position to make informed decisions:
   - the Company's business;
   - the Company's service lines;
   - the economic and business issues of the Company and the business environment in which it operates;
   - long-term planning and strategy;
   - the risk assessment process; that is, the major risks which have been assessed and the controls within the Company to manage such risks within the limits set by the Board;
   - internal system of controls - financial and reporting;
   - delegation of authority by the Board to management;
   - internal and external audit functions;
   - human resources policies;
   - short-term and long-term finance arrangements;
   - particular problems affecting the Company.

4) Directors must ensure that they devote the time necessary to carry out their duties and responsibilities to the Company properly. This may be achieved by performing the following:

   - participating actively in the Board's work;
   - asking questions on a timely basis and insisting on satisfactory answers. Directors' questions should not be reserved for Board meetings and, where possible, should be resolved beforehand;
   - attending all Board and committee meetings and preparing for these meetings in advance;

- being prepared for unanticipated time demands;
- enquiring about competitors' operations;
- promoting informal interchange between other directors and Management;
- examining management accounts and other relevant details;
- periodically touring key operating facilities; and
- reviewing the significant contracts entered into by the Company.

5) Adequate preparation involves study, reflection and formulation of questions concerning the reports, proposals, or other documents to be considered at a meeting. In addition, directors should take reasonable steps to be aware or be kept informed of activities of the Company, other than those specifically put to the Board for consideration.

A – 3 Management

A – 3.1 Chief Executive Officer

1) The Chief Executive Officer will normally have ultimate responsibility to the Board for ensuring that all the components of internal control are in place.

2) The important functions of the Chief Executive Officer are to:

- develop and recommend to the Board a long-term strategy and vision for the Company that will generate satisfactory levels of shareholder value and positive, reciprocal relations with relevant stakeholders;
- develop and recommend to the Board annual business plans and budgets that support the Company's long-term strategy. In the development of these plans, it is essential that the Chief Executive Officer ensures that a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Audit and Risk Committee;
- provide leadership and direction to Management. The Chief Executive Officer should play a major role in shaping the values, principles and major operating policies that form the foundation of the internal control system;
- strive consistently to achieve the Company's financial and operating goals and objectives, and ensure that the day-to-day business affairs of the Company are appropriately monitored and managed;
- ensure continuous improvement in the quality and value of the services provided by the Company, and that the Company achieves and maintains a satisfactory competitive position within its industry;
- ensure that the Company has an effective management team and actively participate in the development of management and succession planning (including the Chief Executive Officer's own position);
- develop and recommend to the Board major corporate policies and oversee their implementation;
- serve as the chief spokesperson for the Company on all operational and day-today matters;
- discuss and agree with the Board Chairman division of responsibilities for communication to shareholders and other stakeholders;
- conduct regular meetings with managers and heads of departments on sound governance practices, and to review their responsibilities, including how they monitor and re-assess risks, control environment and other control processes.
- implement the strategies and policies approved by the board and ensure that these strategies and policies are communicated to all relevant staff;
- be responsible for the design and monitoring of the control system and, in particular and without prejudice to the generality of this requirement, shall ensure that there exists an adequate

segregation of duties, prevalence of dual control in all areas where required and situations of conflict of interest are avoided;
- Senior officers must be in a position to exercise appropriate control over the key personnel in the businesses under their responsibility;
- provide the board with timely, relevant and complete information on the affairs of the Company as may be required by the board for effective discharge of its responsibilities.

3) Managers and heads of departments should be responsible for the internal control systems for their divisions and should ensure that they develop, implement and monitor policies and procedures that are consistent with the Company's objectives. They should generally be directly involved in executing control policies and procedures at a detailed level. Managers and heads of departments should not only have the requisite authority for initiating transactions but also be held accountable for their actions.

A – 3.2 Compliance Officer

The Compliance Officer will identify, assess, advise on, monitor and report on the Company's compliance risk, that is, the risk of legal or regulatory sanctions, financial loss or loss to reputation the Company may suffer as a result of its failure to comply with applicable laws, regulations, codes of conduct and standard of good practice.

The Compliance Officer will be responsible for:
- Providing guidance on the proper application and interpretation of laws, regulations and policies applicable to the Company. Such regulation may include rules, guidance documents, code of conduct and internal policies of the Company that are designed to meet regulatory compliance;
- Providing the Company with guidance in the development, implementation and maintenance of robust policies, procedures and practices to cover regulated activities;
- Coordinating and monitoring of the Company's compliance with application anti-money laundering laws and regulations and its anti-money laundering procedures;
- Creating a programme of activities that will educate and encourage management and staff to operate in compliance with relevant laws and regulations;
- Implementing and maintaining a compliance monitoring programme which provides management with reasonable assurance that key regulatory risks are being adequately managed by the Company;
- Providing regular and accurate reports to management, and where necessary to the Board, on regulatory and compliance matters;
- Assisting Management with establishing and maintaining good relationships with the regulators;
- Assisting in the development of an effective internal risk culture;
- Reporting to the Audit and Risk Committee.

A – 3.3 Money Laundering Reporting Officer

The responsibilities of the Money Laundering Reporting Officer are:
- Receiving reports of suspicious activity from the Company's employees when appropriate, filing Suspicious Activity Reports;
- Gathering relevant information to evaluate and review suspicious activity;
- Overseeing audits regarding the efficacy of the Company's anti-money laundering procedures;
- Maintaining copies of all documentation, records and communication relating to any suspicious activity reported by the Company's employees;

- Reviewing developments in anti-money laundering laws and regulations and revising these policies and procedures as necessary; and
- Conducting anti-money laundering training programs for the Company's employees and maintaining records evidencing such training.

A – 3.4 Internal Auditor

Internal audit does not have the primary responsibility for establishing or maintaining the internal control system. The internal auditor however plays an important role in evaluating the effectiveness of control systems and recommending improvements to the systems.
The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the Company's system of internal control and the quality of performance in carrying out the assigned responsibilities.

The internal auditor should:

- review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- review the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determine whether the Company is in compliance;
- review the means of safeguarding assets and, as appropriate, verify the existence of such assets;
- appraise the economy and efficiency with which resources are employed;
- review operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.

A - 4 External Auditor

The external auditor provides the Board and management with a unique, independent and objective view of the Company. The external auditor is not a part of the Company's internal control system but can provide valuable information to the Company regarding weaknesses in and opportunities for improvements to systems of internal control.

In relying on external audit the Board should however be aware that an external auditor may often not be in a position to identify all possible internal control weaknesses that might exist.

The extent of the statutory auditor's interest in the system of internal control is limited to those controls related to the risks which are relevant to the risk of significant misstatement in the financial statements. However, external audit may also be in a position to assist the Board and management by commenting on weaknesses observed in other control processes relevant to operating efficiencies.

A - 5 Company Secretary

The Company Secretary must:

- guide the Board collectively, and each director individually, as to their duties and responsibilities and make them aware of all relevant legislation, regulations and corporate governance requirements;
- ensuring that Board procedures are established and are properly followed;

- record and maintain minutes of Board and committee meetings and records of Board and committee documentation;
- ensure that all approved minutes of committees are duly tabled at the next board meeting for the board to take note of decisions taken by the committees.
- ensure that the procedure for the appointment (as opposed to selection) of directors is carried out according to the legal provisions and he/she should assist the board in the proper induction and orientation of directors;
- assist the Corporate Governance Committee in assessing the specific training needs of directors and executive management in regard to their responsibilities;
- be available to provide comprehensive practical support and guidance to directors, with particular emphasis on supporting the non-executive directors and Chairman;
- ensure unhindered access to information by all Board and committee members so that they can contribute to Board meetings and other discussions;
- compile Board papers and filter them to ensure compliance with the required standards of good governance;
- raise any matter that may warrant the attention of the Board;
- ensure that the Company complies with all relevant statutory and regulatory requirements;
- be available to provide a central source of guidance and advice within the Company on matters of ethics and good governance;
- communicate with the shareholders as appropriate, and ensure that due regard is paid to their interests. The procedure must be agreed and harmonised with the respective roles of the Chairman and Chief Executive Officer with regard to communication;
- act as the primary point of contact for shareholders especially with regard to matters of corporate governance. It is of particular importance to ensure that all shareholders are treated in a fair and equal manner.