

**Charter of the  
Board of Directors  
of  
Access Bank Plc**

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## **1. Introduction**

This Charter governs the operations of the Board of Directors ('the Board') of Access Bank Plc ("the Bank") in the application of sound principles of Corporate Governance. The Board shall review and re-assess this Charter every three years or such other period as the circumstance may warrant.

The Board of Directors shall adopt, regularly monitor and determine any modifications to this Charter as may be necessary. This Charter shall be read in conjunction with the provisions of the Codes of Corporate Governance applicable to the Bank provided that in the case of any conflict in the provisions of the codes regarding any matter, the Board shall defer to the more stringent provision.

## **2. Purpose**

This Charter has been adopted by the Board as a definitive statement on corporate governance by which it will manage its affairs.

## **3. Responsibilities of the Board**

- 3.0. The Board shall be accountable and responsible for the performance and affairs of the Bank. The Board shall define the Bank's strategic goals and objectives and ensure the effective deployment of human and financial resources towards the attainment of these goals.
- 3.1. The Board shall ensure the proper management of the Bank through oversight of Management performance to ensure protection and enhancement of shareholders' value and fulfillment of the Bank's obligations to its employees and other stakeholders.
- 3.2. The Board shall ensure that the Bank observes high ethical standards and carries on its business in accordance with its Memorandum and Articles of Association and in conformity with the Laws of the Federal Republic of Nigeria.
- 3.3. The delegation of any duty or authority to Management shall however not in any way diminish the overall responsibility of the Board for the affairs and performance of the Bank.

## **4. Duties of the Board**

The duties of the Board shall include the following:

- 4.0. Formulation of policies and overseeing of the management and conduct of the business;
- 4.1. Succession planning and the appointment, training, remuneration, performance appraisal and replacement of Board members and Senior Management;
- 4.2. Overseeing the effectiveness and adequacy of Internal Control systems;
- 4.3. Overseeing the implementation of the Bank's communication and information dissemination policy;
- 4.4. Ensuring effective communication with shareholders;
- 4.5. Ensuring the integrity of financial reports and approval of Financial Statements;
- 4.6. Ensuring maintenance of ethical standards;
- 4.7. Ensuring compliance with the applicable laws and regulations;
- 4.8. Reviewing and approving Annual Calendar of Board activities on the recommendation of the Chairman and Group Managing Director /Chief Executive Officer ('GMD/CEO');
- 4.9. Reviewing and determining the philosophy underlining Directors' remuneration
- 4.10. Establishing such special committees as may be necessary to properly the Bank;
- 4.11 Setting limits of authority, specifying the threshold for large transactions requiring the Board's prior approval;
- 4.12. Ensuring that management systems are implemented to identify and manage environmental and social risks as well as their impacts;
- 4.13. Overseeing the Internal Audit function and approval of the Internal Audit plan as well as appointment and removal of the Chief Audit Executive on the recommendation of the Board Audit Committee; and
- 4.14. Providing oversight over information technology governance



- 4.15. Ensuring that the Internal Audit function is sufficiently skilled and resourced to address the complexity and volume of risk faced by the Bank
- 4.16. Appointing, re-appointing or removal of the Bank's external auditors on the recommendation of the Board Audit Committee

**5. Access to Corporate Information under Conditions of Confidentiality**

Any non-public, confidential or proprietary information concerning the Bank or its subsidiaries may only be used by a Director in connection with his or her role as a Director of the Bank and may not be used, directly or indirectly, for any other purpose (including any purpose adverse to the Bank).

A Director may not disclose confidential information outside the Bank or share confidential information with any third party or person (including family, relatives or business or social relations), except with the prior written authorization of the Bank or as may be otherwise required by law. A Director shall not affirm or deny statements made by others, either directly or through electronic means, if such affirmation or denial would result in the disclosure of confidential information.

All electronic devices including I-pads, laptops and mobile phones given to Directors to facilitate performance of their functions as Directors of the Bank are expected to be treated with utmost confidentiality. These devices, including information contained therein and passwords to gain access thereto are intended solely for the Directors use and are not expected to be shared with any third party.

Confidential information includes all non-public information, entrusted to or obtained by a Director by reason of his or her position as a Director of the Bank, including but not limited to:

- Non-public information that might be of use to competitors or harmful to the Bank if disclosed;
- Non-public information about the Bank's financial condition, business strategies and projections, proprietary information, information technology, customers, suppliers and joint venture partners under

restrictions against disclosure and information concerning corporate actions;

- Non-public information regarding the proceedings of the Board and its Committees, including deliberations amongst Directors and top management officers relating to business issues concerning the Bank.

In line with their confidentiality obligations, Directors are to avoid the improper use of confidential information and therefore:

- Directors shall only use confidential information for the benefit of the Bank and not for personal benefit or the benefit of other persons or entities.
- Directors shall not disclose confidential information to any person or entity during or after his or her service as a Director of the Bank, except with the written authorization of the Board, the Chairman or Chief Executive Officer

## **6. Composition and Structure of the Board**

6.0. The membership of the Board shall be in accordance with the provisions of the Memorandum and Articles of Association of the Bank and the provisions of the Codes of Corporate Governance applicable to the Bank from time to time.

6.1. The Board shall be headed by the Chairman and shall comprise a mixture of Executive and Non-Executive Directors, majority of which shall be Non-Executive Directors, at least two of whom shall be Independent.

6.2. The Board shall remain independent of Management and shall carry out its functions in an objective and effective manner.

6.3. The Board may delegate such of its powers to the GMD/CEO as it may deem appropriate or necessary to ensure smooth operation of the Bank.

## **7. Officers of the Board**

The following are the officers of the Board:

### **7.1. The Chairman**

a. The position of the Chairman of the Board and the GMD/CEO shall



remain separate and shall be held by different individuals.

- b. The Chairman shall primarily be responsible for the effective operation of the Board and shall ensure that the Board works towards achieving the Bank's strategic objectives. The Chairman shall not be involved in the day-to-day operations of the Bank, which shall be the responsibility of the Group Managing Director/Chief Executive Officer ('GMD/CEO') and the Management team.
- c. The GMD/CEO shall not go on to become the Chairman of the Bank. If in exceptional circumstances the Board decides that a former GMD/CEO or an Executive Director should become the Chairman, a cool-off period of three years should be adopted
- d. The Chairman of the Board shall be a Non-Executive Director and shall have the following functions:
  - i. Provide overall leadership and direction for the Board.
  - ii. Approve the Annual Board Activities Calendar;
  - iii. Set the agenda for board meetings in conjunction with the GMD/CEO and the Company Secretary;
  - iv. Play a leading role in ensuring that the Board and its committees have the relevant skills, competencies and desired experience;
  - v. Ensure that Board meetings are properly conducted and that the Board is effective and functions in a cohesive manner;
  - vi. Ensure that the Directors receive accurate and clear information about the affairs of the Bank in a timely manner to enable them take sound decisions;
  - vii. Act as the main link between the Board and the GMD/CEO as well as advise the GMD/CEO on the effective discharge of his duties;
  - viii. Ensure that all Directors focus on their key responsibilities and play constructive roles in the affairs of the Bank;
  - ix. Ensure that induction programmes are conducted for new



directors and continuing education programs are in place for all directors;

- x. Ensure effective communication with the Bank's institutional shareholders and strategic stakeholders;
- xi. Take a leading role in the assessment, improvement and development of the Board; and
- xii. Preside over General Meetings of shareholders.

## **7.2. The Group Managing Director/Chief Executive Officer**

- a. The GMD/CEO shall be the head of the Management team and shall be answerable to the Board.
- b. The GMD/CEO shall be knowledgeable in relevant areas of the Bank's activities and shall demonstrate industry, credibility and integrity. He should have the confidence of the Board and Management;
- c. The GMD/CEO and the Senior Management shall establish a culture of integrity and legal compliance which shall be imbibed by personnel at all levels of the Bank.
- d. The GMD/CEO shall give direction to achievement of the Bank's philosophy, strategy, financial objectives and goals accepting responsibility for the success or failure of the Bank.
- e. The GMD/CEO shall be accountable to the Board of Directors on matters of corporate governance.
- f. The GMD/CEO shall be responsible for the Bank's consistent achievement of its financial objectives and goals.
- g. The GMD/CEO shall ensure that the Bank's philosophy, vision, mission and values are disseminated and practiced throughout the Bank.
- h. The GMD/CEO shall ensure that the Bank has a long-range strategy which maximizes its opportunities.
- i. The GMD/CEO shall ensure that the allocation of capital reflects the Bank's risk Management philosophy.



- j. The GMD/CEO shall ensure that the Bank's risks are controlled and managed effectively, optimally and in line with the Bank's strategies and objectives.
- k. The GMD/CEO shall provide supervision to the Group Deputy Managing Director, Executive Directors and all subsidiaries and affiliate companies;
- l. The GMD/CEO shall serve as the Chief Spokesman of the Bank and ensure that it is properly presented to its various publics; and
- m. The GMD/CEO shall exercise such powers and carry out such other functions as may be delegated by the Board of Directors.

### **7.3 The Group Deputy Managing Director ('the GDMD')**

The GDMD serves as the deputy to the Group Managing Director/Chief Executive Officer of the Bank to provide support towards ensuring the achievement of the corporate philosophy, business strategy, financial and other objectives of the Bank. The GDMD shall report to the GMD/CEO and shall be responsible for the supervision of such aspects of the Bank as may be approved by the Board of Directors and may exercise such powers and carry out such functions as may be delegated by the GMD/CEO.

### **7.4 Executive Directors**

Directors who are contracted as Management employees of the Bank shall be deemed to be Executive and shall:

- a. Be knowledgeable in relevant areas of the Bank's activities in addition to possessing such other qualifications needed for their specific assignments or responsibilities.
- b. Be involved in the day to day operations and management of the Bank. They shall be responsible for the departments they head and shall be answerable to the Board through the GMD/CEO.
- c. Not be involved in the determination of their remuneration.
- d. Not receive the sitting allowances or director's fees paid to Non-Executive Directors.

## **7.5 Non- Executive Directors**

Non-Executive Directors are Directors not in the employment of the Bank. These may include former employees of the Bank.

- a. They shall always constitute at least a majority of the Board.
- b. They shall bring independent judgment as well as necessary scrutiny to the proposals and actions of Management and Executive Directors especially on issues of business strategy, performance evaluation and key appointments.
- c. They shall be persons of high caliber with broad experience, integrity and credibility.
- d. Non-Executive Directors shall be provided with a conducive environment for the effective discharge of their duties. Adequate and comprehensive information on all Board matters shall be provided in a timely manner.

## **7.6 Independent Directors**

- a. An Independent Director:
  - i. Shall bring a high degree of objectivity to the Board for sustaining stakeholder trust and confidence.
  - ii. Shall not be a substantial shareholder of the Bank and his shareholding shall not directly or indirectly exceed 0.01% of the Bank's Paid-Up Capital:
  - iii. Shall not be a representative of a shareholder that can control or significantly influence Management;
  - iv. Shall not have been employed by the Bank or the Group of which it currently forms part, nor shall he have served in any executive capacity in the Bank or Group for the preceding three financial years;
  - iv. Shall not be a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Bank or the Group in an executive capacity;



- v. Shall not be a professional advisor to the Bank or the Group, other than in a capacity of a Director;
  - vi. Shall not be a significant supplier to or customer of the Bank or Group;
  - vii. Shall have no significant contractual relationship with the Bank or Group and is free from any business or other relationship which could materially interfere with his/her capacity to act in an independent manner; and
  - viii. Shall not be a partner or an executive of the Bank's statutory audit firm, internal audit firm, legal or other consulting firm that have material association with the Bank and shall not have been a partner or an executive of any such firm for three financial years preceding his/her appointment.
- b. Shall be free of any relationship with the Bank or its Management capable of impairing his ability to make independent judgment

### **7.7 Company Secretary**

- a. The primary duty of assisting the Board and Management in the implementation of this Charter and developing good corporate governance practices and culture vests in the Company Secretary.
- b. The Company Secretary shall report directly to the GMD/CEO but shall also have a direct channel of communication to the Chairman.
- c. The Company Secretary shall have the following statutory duties:
  - i. Attending the meetings of the Bank, the Board of Directors and its Committees, rendering all necessary secretarial services in respect of the meeting and advising the Board on compliance by the meetings with the applicable rules and regulations;
  - ii. Maintaining the registers and other records statutorily required to be maintained by the Bank; and
  - iii. Rendering proper returns and giving notification to the

relevant statutory bodies.

- d. In addition to the above statutory functions, the Company Secretary shall carry out the following duties and responsibilities:
  - i. Provide the Board and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Bank;
  - ii. Coordinate the orientation and training of new directors;
  - iii. Assist the Board in the determination of its annual goals and objectives and with the administration of other strategic issues at the Board level;
  - iv. Compile and circulate Board papers and ensure that the Board's discussions and decisions are clearly and properly recorded and communicated to the relevant persons;
  - v. Notify the Board members of matters that require their attention; and
  - vi. Provide a central source of guidance and advice to the Board and the Bank, on matters of ethics, conflict of interest and good corporate governance
- e. The appointment and termination of the Company Secretary shall be approved by the Board. He shall be properly empowered by the Board to effectively discharge his duties and responsibilities.

## **8 Multiple Directorship**

- a. A prospective nominee to the Board shall disclose memberships on other Boards;
- b. The Board shall consider the other directorships held by such a prospective nominee and determine whether the prospective nominee can contribute effectively to the performance of the Board and the discharge of its responsibilities before recommending such a person for appointment.
- c. Serving directors should notify the Board through the Chairman of prospective appointments on other Boards.
- d. Directors shall not be members of Boards of companies in the

same industry to avoid conflict of interest, breach of confidentiality and misappropriation of corporate information and opportunity.

## **9 Board Committees**

9.1. The Board shall have the following Committees:

- a) Board Audit Committee
- b) Board Risk Management Committee
- c) Board Credit and Finance Committee
- d) Board Digital and Information Technology Committee
- e) Board Technical Committee on Retail Expansion
- f) Board Human Resources and Sustainability Committee
- g) Board Governance, Nomination and Remuneration Committee

9.2. Only Directors shall be members of the Board Committees. However, Senior Management may be in attendance.

9.3. Each Committee shall be chaired by a Non-Executive Director who shall serve as Chairman for not longer than three successive years.

9.4. The Committees shall be free to seek independent professional advice at the expense of the Bank subject to the approval of the Board.

9.5. Directors shall serve on committees in addition to the full board. Membership on committees may be rotated to provide all Directors experience on all committees. However, the principle of rotation shall not deprive the Board of the expertise that directors possess.

9.6. Each committee shall have a charter approved by that committee, the Board of Directors and the Central Bank of Nigeria.

9.7. The functions of the Committees shall be as follows:

## **10. Functions of Board Committees**

### **10.1 Board Audit Committee**

The Board will establish a Board Audit Committee to assist it in its oversight of the Bank's system of internal control and mechanism for receiving complaints regarding the Bank's accounting and



operating procedures, the integrity of the Bank's Financial Statements and the financial reporting process as well as the independence and performance of the Bank's internal and external auditors.

The functions of the Board Audit Committee shall include the following:

**i) Internal Audit**

- a) Monitor the Internal Audit function of the Bank including its independence;
- b) Oversee the development of a procedure for the receipt, retention and treatment of complaints received by the Bank, regarding risk management, accounting, internal accounting controls, unethical activity/breach of the Code of Corporate Governance or audit matters, including a means for the Bank's stakeholders (employees, customers, suppliers, applicants, etc.) to submit such complaints in a confidential manner;
- c) Investigate any matter brought to its attention within the scope of its duties with the authority to retain counsel or other advisors, if in its judgment it is appropriate, at the expense of the Bank; and
- d) Review the proposed Audit Plan(s) and the results of Internal Audits completed since the previous Committee meeting as well as the focus of upcoming Internal Audit projects.

**ii) Statutory Audit and Financial Reporting**

- a) Review the results of the annual audit and discuss the annual Financial Statements with Management
- b) Review the Statutory Auditors' Management Letter when presented and ensure adequacy of management's response;
- c) Review with the Chief Financial Officer annually the significant financial reporting issues and practices of the Bank, and ensure that appropriate accounting principles are applied including financial controls relating to the "closing of the books" process;
- d) Meet separately, and at least quarterly, with the Chief Financial Officer and the Chief Internal Auditor to discuss the adequacy and effectiveness of accounting and financial controls of the Bank;
- e) Discuss the Bank's policy regarding press releases as well as financial information provided to analysts and rating agencies;
- f) Receive the decisions of the Shareholders Audit Committee on the Statutory Audit Report and ensure its full implementation;

- g) Require Management to present and discuss, as soon as practicable, all reports received from regulators (e.g. CBN, SEC, NSE, NDIC and Rating Agencies etc.) which may have a material effect on the financial statements or related Bank compliance policies;
- h) Annually assess and confirm the independence and competence of the Statutory Auditor, in line with the Bank's Statutory Audit Independence Policy. The report of this assessment should be submitted to the Board;
- i) Annually review and ensure compliance with the list of non-audit services that may be provided by the Statutory Auditors

## **10.2 Board Risk Management Committee**

The Board shall establish a Risk Management Committee to assist in its oversight of the risk profile, risk management framework and the risk reward strategy determined by the Board.

The functions of the Committee shall include the following:

### **i) Enterprise Risk Management**

- a) Oversee the establishment of a formal written policy on the overall risk management system. The policy should define risks and risk limits that are acceptable and unacceptable to the Bank. It should provide guidelines and standards to administer the acceptance and on-going management of all risks;
- b) Ensure that adequate policies are in place to manage and mitigate the adverse effects of both business and control risks in its operations;
- c) Ensure compliance with established policy through periodic review of reports provided by Management, Internal and External (Statutory) Auditors and the supervisory authorities;
- d) Ensure the appointment of qualified officers to manage the risk function;
- e) Oversee the effectiveness of the Risk Management functions in the Bank;
- f) Re-evaluate the Risk Management Policy of the Bank on a periodic basis to accommodate major changes in internal or external environment.

- g) Review existing risk policies and recommend amended or new risk policies to the Board for approval.

## ii) Compliance with laws and regulations

- a) Review the Bank's activities related to the Code of Conduct and Ethics;
- b) Review the adequacy and effectiveness of the programme of compliance established within the Bank;
- c) Review the process in place and ensure that new and changed legal and regulatory requirements are identified and reflected in the Bank's processes
- d) Review the scope and depth of Conduct and Compliance Unit's activities, and the resulting impact that audit findings have on the risk profile of the Bank; and
- e) Evaluate the nature and effectiveness of action plans implemented to address identified compliance weaknesses.
- f) Review annually the risk management framework, policies, procedure and processes to ensure their effectiveness.
- g) Review with the Head Corporate Counsel legal matters, contingent liabilities or other sensitive information that may have a material effect on the Bank's financial statements, systems of internal control or regulatory compliance

## 10.3 Board Credit and Finance Committee

The Board shall establish a Credit and Finance Committee to assist it in its oversight functions with relations to the Bank's credit exposure and management, lending practices and the Bank's credit and lending strategy.

The functions of the Committee shall include the following:

- a. Review the quality of the Bank's credit portfolio and the trends affecting the portfolio;



- b. Oversee the effectiveness and administration of credit related policies including compliance with legal lending limits and the Bank's in-house lending restrictions;
- c. Review the process for determining provision for credit losses and the adequacy of the provision made;
- d. Provide oversight and guidance to the Bank regarding credit related aspects of implementing the BASLE II Capital Accord and compliance with CBN Risk based supervision framework.
- e. Approve credit risk appetite and credit portfolio strategy and ensure it is in line with the corporate strategy of the Bank; and
- f. Approve credit facility requests and proposals within limits defined by the Bank's Credit Policy Guide and within the statutory requirements set by the regulatory/supervisory authorities.

#### **10.4 Board Digital and Information Technology Committee**

The Board shall establish a **Digital and Information Technology Committee**. The functions of the Committee shall include the following:

##### **i) Strategy**

- a) Receiving updates and, where appropriate, demonstrations about emerging technologies and trends and their potential impact on or application within the Bank.
- b) Receiving reports from Management regarding the Bank's medium to long term (3-5 years) technology strategy with reference to changes, trends and emerging technologies, and providing feedback on the strategy.
- c) Reviewing business cases in support of the implementation of the strategy for endorsement to the Board, based on the balance of the investment and anticipated benefits against cost, project and other associated risks.
- d) Overseeing strategies for the Bank's outsourcing of significant and critical technology services, including selection and evaluation of preferred vendors and performance measurement and management of material vendors.

##### **ii) Customer experience**

- a) Receiving regular reporting from management on the customer experience



delivered by the Bank's technology and digital eco-system.

### **iii) Technology Investment and Expenditure, Including the Programme of Work**

Receiving from Management

- a) Regular reporting on the overall technology portfolio health;
- b) Regular reporting, by reference to internal and external benchmarks, on the quality, stability and reliability of the Bank's digital eco-system and IT services;
- c) Regular reporting on the customer experience using the Bank's digital eco-system;
- d) Regular reporting on the technology elements delivering, or being delivered by, the Programmed of Work, including costs, deliverables, scheduling, implementation risk (including change management and business readiness), and robustness of the technology solution;
- e) Proposals for any technology investment in excess of USD2, 000,000.00 in capital value, or categorized as high risk technology investments outside of the approved budget;
- f) Regular reporting on the key (strategic or high risk) individual technology projects, including those contained in the Programmed of Work;
- g) Post implementation reviews of all key projects to ensure that positive and negative experiences are captured and appropriate processes developed to capture the lessons learned, and deliver future process improvements.

### **iv) Digital and Technology Staff**

- a) Receiving reports from management regarding the strategies in place to manage the skills, capabilities, training and development of digital and technology staff, including succession planning.
- b) Reviewing, on an annual basis, the performance of the Digital Business and IT Department against the strategy.

### **v) Digital and IT Risk and Security**

- a) Identifying and monitoring key risks arising from technology and digital areas and referring them to the Board Risk Management Committee.

- b) Reviewing key technology risks and associated strategies, including the overall technology risk profile of the Bank. This includes key technology security strategies and policy, the Bank's compliance with laws and regulations related to its IT activities, investigations and reviews of security issues relevant to the Bank's technology processes/systems and any significant issues identified by Internal Audit;
- c) Overseeing the effectiveness of the Bank's IT Disaster Recovery Plans and Disaster Recovery Testing.
- d) Overseeing the effectiveness of the Bank's IT vulnerability testing and remediation

#### 10.5 **Board Technical Committee on Retail Expansion**

The Board shall establish a **Board Technical Committee on Retail Expansion**. The functions of the Committee shall include the following:

- a) Assist management in developing, implementing and adhering to a strategic plan and direction for the Bank's acquisition and investment activities.
- b) Review all transactions that the Bank is considering for which Board or the Committee approval is required and approve or make appropriate recommendations to the Board with respect to any transaction for which Board approval is required.
- c) Assist management and the Board in evaluating the proposed purchase price and other terms for any transaction and, as appropriate, recommend specific limits on the purchase price and related terms as a condition to proceeding.
- d) Assist management and the Board in assessing the specific risks and issues involved in each transaction that the Bank is pursuing.
- e) Review and make recommendations regarding the Bank's due diligence relative to any proposed transaction.
- f) Institute policies and procedures for review and approval of transactions that the Bank is considering and assist management in developing effective disclosures to the Board to permit fully informed review and evaluation of such transactions.

- g) Institute procedures and review Bank's activities to determine that the Bank is following due diligence and other disciplines appropriate to mitigate risk for each transaction undertaken by the Bank.
- h) Approve the terms of any non-binding conditional offer in respect of a proposed transaction.
- i) Recommend to the Board any binding offer in respect of a proposed transaction.
- j) Review and when appropriate make recommendations to the Board on any equity and debt capital raisings relating to the funding of a proposed transaction.
- k) Review all proposed transactions for consistency with the Bank's corporate strategic plan.
- l) Assist with post acquisition integration and business development opportunities.
- m) Have all such other rights and powers as may be lawfully delegated to it by the Board.

#### **10.6. Board Human Resources and Sustainability Committee**

The Board shall establish a **Board Human Resources and Sustainability Committee**

The functions of the Committee shall include the following:

##### **10.6.1. Board Human Resources**

- a) Oversee and administer the Bank's human resources policies, plans and procedures ;
- b) Implement strategies to attract and retain the most suitable employees to achieve the Bank's corporate goals
- c) Ensure compliance with the Bank's culture and corporate philosophy across the Bank

- d) Ensure compliance with regulatory provisions on all staff and human resources issues.
- e) Review and make recommendation to the Board for approval of the Bank's organisational structure and any other proposed amendment.
- f) Receive and consider quarterly report from the Head of Group Human Resource on human resources issues other than remuneration and make appropriate recommendations thereon to the Board.
- g) Exercise all other rights and powers as may be lawfully delegated to the Committee by the Board.
- h) Consider and recommend to the Board all Senior Management promotions and appointment excluding appointment to the Board which shall be the responsibility of the Board Governance, Nomination and Remuneration Committee.

#### **10.6.2. Sustainability**

- i. Receive quarterly report from the Head, Sustainability Unit on the implementation of the Bank's sustainability programmes and ensure continuous alignment with the Bank's business strategy.
- ii. Ensure that the Bank's Annual Report includes a Corporate Governance Report that conveys clear information on the strength of the Bank's governance structures, policies and practices. The reports shall include the Bank's sustainability policies and programmes covering issues such as corruption, community service, environmental protection, HIV/AIDS and matters of general corporate social responsibility.
- ii. Ensure that Management is committed to transparent dealings in the establishment of a culture of integrity and zero tolerance of corruption and corrupt practices.
- iii. Oversee the effectiveness of the Bank's Sustainability strategy, policies and practices that have the potential to materially affect the Banks business, brand or reputation, including the policies on:
  - a. social matters including the promotion of equal opportunity and diversity;
  - b. environmental matters;
  - c. health and safety;

- d. reputational matters to the extent that they fall within the scope of the Committee
- e. handling internal complaints by employees other than whistleblowing procedures which are within the purview of the Board Audit Committee;
- f. and any other matter of legitimate public concern.

### **10.7. Board Governance, Nomination and Remuneration Committee**

The Board shall establish a **Governance, Nomination and Remuneration Committee**.

The functions of the Committee shall include the following:

#### **10.7.1: Responsibilities-Governance and Nomination:**

- a) Review the size and composition of the Board at least annually, including succession planning and recommend the appropriate skill mix, personal qualities, expertise, ability to exercise independent judgment and diversity required to discharge the Board's duties
- b) Develop criteria for Board membership and Board positions. The criteria will however be approved by the Board;
- c) Prepare a job specification for the Chairman's position, including the assessment of the time commitment required of the candidate
- d) Make recommendation on experience required by Board Committee members, Committee appointment and removal, operating structure, reporting and other Committee operational matters
- e) Nominate and recommend the appointment of new Directors to the Board, noting the desirable qualifications and experience for individual new appointees. The process shall involve subjecting director nominees to a fit and proper person's test and ensuring that they are qualified to hold office and their appointment will not have a negative impact on the Bank's reputation in the market place;
- f) Ensure that all new directors receive a formal letter of appointment specifying what is expected of them and that new Directors with no or limited Board experience receive development and education to equip them for the discharge of their duties, responsibilities, and understand their powers and potential liabilities. To enhance the induction process, new Directors should be provided with an induction pack that includes at least the Board charter and minutes of previous four meetings and the Bank's constitutional documents.

- g) Establish and continuously review the effectiveness of the orientation programme for new Directors to acquaint them with the Bank's operations, senior management, business environment and to induct them on their fiduciary duties and responsibilities;
- h) Continuously review the effectiveness of the process for the nomination, selection and removal of Directors and make recommendations where appropriate;
- i) Oversee the implementation of the process for the evaluation of the performance of individual Directors on an annual basis;
- j) Monitor and assess the continuing education programme for Directors;
- k) Establish and oversee a process for providing periodic briefings on relevant new laws and regulations to Board members;
- l) Establish, oversee and ensure that the Bank has an accurate profile on all Directors;
- m) Nominate an independent third party to conduct annual review/appraisal of the performance of the Directors, the Board and Board Committees and make recommendations to the Board in this regard. The review/appraisal should cover all aspects of the Board's structure and composition, responsibilities, individual competencies, Board operations, Board's role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance, independence of the independent Directors and stewardship towards shareholders.
- n) Review and make recommendation to the Board for approval of the Bank's organisational structure and any other proposed amendment.
- o) Review performance and effectiveness of the Boards of the subsidiary companies as and when necessary
- p) Ensure the development and periodic review of Board charters, Board Committee charters and other governance policies such as Code of Ethics, Conflict of Interest and Whistleblowing policies among others.

#### **10.7.2. Responsibilities: Remuneration**

The Committee shall have the power to:

- a) Review and recommend the Bank's employee benefits, compensation, pension, share ownership and other retirement plan and changes thereto to the Board for approve benchmarking the practices of similar sized banks
- b) Review and recommend to the Board changes in remuneration and compensation of the Non-Executive Directors subject to the relevant legal and regulatory provisions and the approval of shareholders as may be required.
- c) Ensure that the Bank's total compensation package for the Chief Executive Officer, other executive officers and other key senior officers will serve to:

- i. attract, retain and motivate outstanding management staff who add value to the Bank based on individual and team contributions
- ii. provide a highly competitive base salary structure in all markets where the Bank operates and
- iii. clearly link annual variable pay opportunities to attainment of pre-defined performance measures

This could be achieved by requesting an independent adviser to carry out a periodic compensation survey/benchmark across comparative banks

d) Form and delegate authority to sub-committees when appropriate;

## **11. Shareholders Audit Committee**

The Board shall ensure the proper constitution of a Shareholders Audit Committee in line with the provisions of the Companies and Allied Matters Act (CAMA). The Shareholders Audit Committee shall:

11.1 Consist of an equal number of Directors and representatives of the shareholders of the Bank.

11.2 The members of the Committee shall not be entitled to remuneration and shall be subject to re-election annually.

11.3 Members of the Committee shall have basic financial literacy and shall be able to read Financial Statements. At least one member shall have knowledge of Accounting or Financial Management.

11.4 In addition to its statutory functions, the Shareholders Audit Committee shall have the following additional responsibilities:

- a. Assist in the oversight of the integrity of the Bank's Financial Statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of External Auditors; and performance of the Bank's Internal Audit function.;
- b. Ensure the development of a comprehensive internal control framework for the Bank; obtain assurance and report annually in the financial report on the operating effectiveness of the Bank's internal control framework;
- c. Oversee Management's process for the identification of significant fraud risks across the Bank, and ensure that adequate prevention,





- detection and reporting mechanisms are in place;
- d. Discuss the annual audited financial statements and half yearly unaudited statements with Management and external auditors;
  - e) Meet separately and periodically with Management, Internal Auditors and External Auditors;
  - f. Review with the External Auditor, any audit scope limitations or problems encountered and Management's response to same;
  - i. Review the independence of the External Auditors and ensure that where non-audit services are provided by the External Auditors, there is no conflict of interest;
  - j. Preserve auditors' independence by setting clear hiring policies for employees or former employees of independent auditors; and
  - k. Invoke its authority to investigate any matter within its terms of reference and the Bank must make available the resources to the Internal Auditors with which to carry out its function including access to external advice where necessary.

## **12. Board Meetings**

- 12.1 To effectively perform its oversight function and monitor management's performance, the Board shall meet at least once every quarter.
- 12.2 Every Director is required to attend all Board meetings. In order to qualify for re-election, all Board members are required to attend at least two-thirds of all Board meetings and Board Committee Meetings except there are cogent reasons which the Board must notify the shareholders of at the Annual General Meeting.
- 12.3 The Board shall have an Annual Retreat which shall be an extended meeting focusing on long-range strategies of the Bank and shall normally be held at an off-site location.
- 12.4 Appropriate officers of the Bank may be invited by the Chairman of the Board or the GMD/CEO to attend Board Meetings.

12.5 Prior to a regular Board meeting, with the direction of the Chairman of the Board and the GMD/CEO, an agenda for the meeting and any information or material for review shall be sent to the directors. Directors may request that additional subjects be placed on the agenda.

12.6. Board papers shall be made available to them at least one week ahead of Board or Committee meetings.

12.7. The Board may meet, in person, telephonically, or by circulation of documents.

### **13. Quorum**

13.1 The quorum of the Board shall be as provided by the Memorandum and Articles of Association of the Bank.

### **14. Notice of Meeting**

Every Director shall be entitled to receive 14 days' notice in writing subject to a shorter notice in the case of an Emergency meeting.

### **15. Board Appointment**

15.1. There shall be a written, clearly defined, formal and transparent procedure for appointment to the Board of Directors.

15.2. The Board shall ascertain whether nominees for the position of directors are fit and proper and are not disqualified from being directors.

### **16. Remuneration**

16.1 There shall be a comprehensive remuneration policy for directors and senior management which shall:

- a. Define the criteria and mechanism for determining levels of remuneration and the frequency for review of such criteria and mechanism;
- b. Define a process if necessary with the assistance of external advisers, for determining Executive and Non-Executive Directors' compensation; and
- c. Provide how and to what extent Executive Directors rewards should be linked to corporate and individual performance.

- 16.2 The Board shall approve the remuneration of each Executive Director including the CEO individually taking into consideration direct relevance of skill and experience to the Bank at the time.
- 16.3 Only Non-Executive directors should be involved in decisions regarding the remuneration of Executive Directors.
- 16.4 Compensation for Non-Executive Directors shall be fixed by the Board and approved by shareholders in General Meeting. Non-Executive Directors' remuneration shall be limited to Directors' fees, sitting allowances for Board and Board Committee meetings and reimbursable travel and hotel expenses. Non-Executive Directors shall not receive benefits and salaries whether in cash or in kind, other than those mentioned above. Non-Executive Directors shall not participate in the Bank's share option, performance-related pay scheme or pension scheme.
- 16.5 The Board shall undertake a periodic "peer review" of its compensation and remuneration levels to ensure that the Bank remains competitive.

## **17 Performance Evaluation**

- 17.1 The Board shall establish a system to undertake a formal and rigorous annual evaluation of its own performance, that of its Committees, the Chairman and individual Directors.
- 17.2 The evaluation system shall include the criteria and key performance indicators and targets for the Board, its Committees, the Chairman and each individual committee member.
- 17.3 The Chairman shall oversee the annual evaluation of the performance of the GMD/CEO. The GMD/CEO shall similarly perform an annual evaluation for the Executive Directors based on agreed criteria or performance indicators.
- 17.4 The result of the Board performance evaluation shall be communicated and discussed by the Board as a whole; while those of individual directors shall be communicated and discussed with them by the Chairman;
- 17.5 Where the performance of a Director is determined to be

unsatisfactory, such Director shall undergo further training. Where such is not feasible or practicable, the Director may be removed in accordance with established procedures;

17.6 The Board shall engage the services of external consultants to facilitate the performance evaluation of the Board, its Committees or individual directors.

17.7 The cumulative result of the performance evaluation of the Board and individual directors shall be used as a guide in deciding eligibility for re-election.

## **18 Orientation and Training**

18.1 The Board shall establish a formal orientation programme to familiarize new directors with the Bank's operations, strategic plan, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities.

18.2 All Directors shall participate in periodic, relevant, professional continuing education programs in order to update their knowledge and skills and keep them informed of new developments in the company's business and operating environment. The objective of the training is to assist the directors to fully and effectively discharge their duties to the Bank. Such training shall be at the Bank's expense.

## **19 Conflict of Interest**

A Director shall not put himself in a position where his interests conflict or may be perceived to conflict with those of the Bank. A Director shall:

19.1 Promptly disclose any real or potential conflict of interest regarding any matters that may come before the Board or its Committees.

19.2 Abstain from discussions and voting on any matter in which the Director has or may have conflict of interest.

19.3 Where a Director is not certain whether he is in a conflict of interest situation, such a Director shall discuss the matter with the Chairman of the Board or with the Company Secretary for advice and guidance.

19.4 If any question arises before the Board as to the existence of a real or perceived conflict, the Board shall by a simple majority, determine if a

conflict exists. The Director or Directors potentially in the conflict of interest situation shall not participate in any discussion and shall not vote on the issue.

19.5 Directors who are aware of a real, potential or perceived conflict of interest on the part of a fellow Director, have a responsibility to promptly raise the issue for clarification, either with the Director concerned or with the Chairman of the Board.

19.6 Disclosure by a Director of a real, potential or perceived conflict of interest or a decision by the Board as to whether a conflict of interest exists shall be recorded in the minutes of the meeting.

## **20. Code of Ethics**

As part of corporate governance practices of the Bank, the Board shall formulate a code of ethics and business practices to which all Directors, Management and employees of the Bank shall be required to abide. The Board shall monitor adherence and ensure that breaches are effectively sanctioned. The Code of Ethics shall at the minimum ensure that:

20.1 In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Bank shall act honestly, in good faith and in the best interest of the Bank;

20.2 Directors owe a fiduciary duty to the Bank and have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;

20.3 Directors shall undertake diligent analysis of all proposals placed before the Board and act with a level of skill expected from directors and key executives of the Bank;

20.4 They shall not make improper use of information acquired as Directors and key executives and shall not disclose non-public information except where disclosure is authorised or legally mandated;

20.5 They shall keep confidential, information received in the course of the exercise of their duties and such information shall remain the property of the Bank. It shall be improper to disclose such information or allow such information to be disclosed unless the disclosure has been authorised by the person from whom the information is provided, or is required by law;



- 20.6 The Directors shall not take improper advantage of their position or use their positions for personal gains or to compete with the Bank;
- 20.7 The Directors shall not take advantage of the Bank's property or use such property for personal gain or to compete with the Bank;
- 20.8 The Directors shall protect and ensure the efficient use of the Bank's assets for legitimate business purposes;
- 20.9 The Directors shall not allow personal interests, or the interest of any associated person to conflict with the interest of the Bank;
- 20.10 The Directors shall not engage in conduct likely to bring discredit upon the Bank, and shall encourage fair dealing by all employees with the Bank's customers, suppliers, competitors and other employees;
- 20.11 The Directors shall encourage the reporting of unlawful/unethical behavior and protection for those who report violations in good faith.

## **21. Tenure and Re-election**

- 21.1 Subject to satisfactory performance and regulatory provisions, Non-Executive Directors shall be submitted for re-election at regular intervals of at least once every three years. In order to guide shareholders' decisions, names and enough biographical details of directors nominated for re-election shall be accompanied by performance evaluation results and any other relevant information.
- 21.2 The Board shall ensure periodic appointment of new directors to replace existing Non-Executive Directors.

## **22. Independent Advice**

The Board shall be free to seek independent professional advice at the expense of the Bank.



**23. Approval and Effective Date**

**23.1. Effective Date**

This Charter becomes effective immediately upon Board approval