



Credit Direct Limited RC: 657309
A Member of FCB Group PLC

CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance Statement

High standards in corporate governance are fundamental in maintaining CDL's leading position within the local and regional consumer lending sector and the finance company community. Continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

CDL shall continue its endeavor to enhance shareholder value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall not only comply with all statutory requirements but also formulate and adhere to strong corporate governance practices. CDL shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, staff and the public at large.

The adoption and implementation of corporate governance is the direct responsibility of the Board of Directors, and this endeavour is in line with the policies of regulatory authorities and statutory requirements in the Federal Republic of Nigeria and other countries where CDL will eventually operate.

Corporate Governance Framework

1.0 CORPORATE GOVERNANCE IN CDL:

Corporate governance is the framework by which business corporations are directed and controlled. It describes a set of relationships between a company's management, its board, its shareholders and other stakeholders that provides the structure through which the objectives of the companies are set, and the means of attaining those objectives and monitoring performance are determined. The corporate governance structure specifies the distribution of rights and responsibilities among different participants such as the Board, Management, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. The corporate governance structure of CDL is designed to enshrine the concepts of good governance as required by the Central Bank of Nigeria, Nigeria Commercial Company Law and other supporting references.

The guidelines provided herein are to support the principles stated in any other of the Company's prevailing governance documents and related policies. The Company also adheres to the Code of Best Practice on Consumer Credit and Charging.

2.0 CDL'S CORPORATE GOVERNANCE PHILOSOPHY:

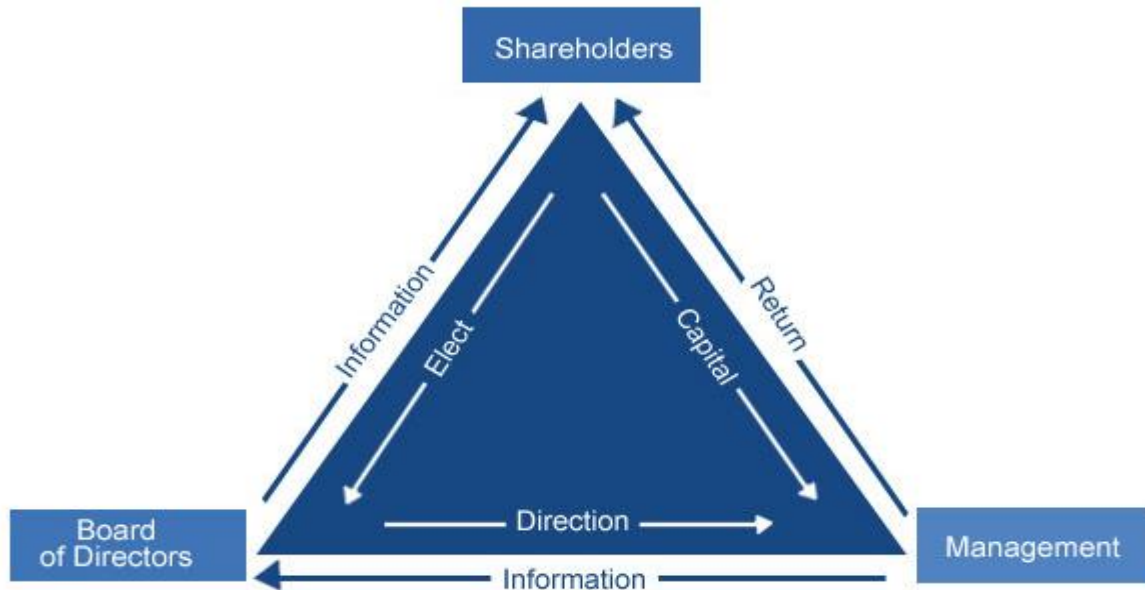
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CDL shall continue its endeavor to enhance shareholders value, protect their interests and defend their rights by practicing pursuit of excellence in corporate life. The Company shall not only comply with all statutory requirements but also formulate and adhere to strong Corporate Governance practices. CDL shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, staff and public at large.

The adoption and implementation of Corporate Governance is the direct responsibility of the Board of Directors, in line with the regulatory and statutory requirements in the Federal Republic of Nigeria and other countries where CDL operates may operate in the future.

3.0 CORPORATE GOVERNANCE MODEL:

The standard Corporate Governance model interconnects the dynamic relation between the three main stakeholders namely Shareholders, the Board and the Management. The roles of shareholders, the Board and the Management are distinctly different but complimentary to the core objectives and functioning of the institution. Such model can be drawn as under.



CDL's Corporate Governance practices ensure a healthy relationship with all the stake holders while achieving core objectives of the institution.

3.1 Board of Directors:

The Company's Board of Directors is accountable to the Company's shareholders and other stakeholders, to ensure that the Company is managed in a safe and sound manner. To fulfill their fiduciary duties, the Directors are independent of the Management of the Company; familiar with the Company's business and general financial and accounting principles; and actively engaged in directing and overseeing Management.

3.2 Management Team:

The Company's Executive Management team is accountable to the Board to manage the Company in accordance with the policies and principles established by the Board and applicable legal and regulatory requirements.

4.0 PURPOSE OF THIS FRAMEWORK:

The purpose of this Framework is to outline the corporate governance structure for Credit Direct Limited.

This Corporate Governance Framework document together with the Board Charter and the terms of reference of all Board Committees, Code of Conduct for Directors, Directors Compensation Policy, Insider Trading Policy/Procedure, Disclosures Policy and such other independent policies related to Corporate Governance will form the Corporate Governance Policy Manual and would be the reference document for the Board and Management. The individual policies/documents may change with market and regulatory requirements from time to time and will be suitably replaced.

5.0 CORPORATE GOVERNANCE PRINCIPLES:

The Company will follow the corporate governance principles as issued by the Central bank Of Nigeria and Corporate Affairs Commission. The principles are as follows:

- i. The Company shall be headed by an effective, collegial and informed Board.
- ii. The approved persons must have full loyalty to the Company.
- iii. The Board must have rigorous controls for financial audit and reporting, internal control, and compliance with law.
- iv. The Company must have rigorous and transparent procedures for appointment, training and evaluation of the Board.
- v. The Company must remunerate approved persons fairly and responsibly.
- vi. The Board must establish a clear and efficient management structure.
- vii. The Company must communicate with shareholders, encourage their participation, and respect their rights.
- viii. The Company must disclose its corporate governance.

5.1 Board operations - the Board's ability to manage its own activities

5.1.1 The Board would consist of Directors representing varied/appropriate mix of applicable skills and experience and meeting 'fit and proper' requirements of the Central bank of Nigeria.

5.1.2 There will be separation and clear division in the roles and responsibilities of the Chairman and the Chief Executive. The Chairman of the Board will be an Independent Director.

5.1.3 Company would have a nomination process designed to ensure that the appropriate balance and capability of the Board is maintained on the basis of periodic evaluation of the performance of the Board, its Committees and individual Directors.

5.1.4 Company will have a fair representation on the Board by Directors, including adequate 'independent' Directors, to meet minimum regulatory requirements and to facilitate objectivity in decision making.

5.1.5 Company will provide the Directors with access to training (particularly on induction) and professional advice on issues when required.

5.2 Strategy – the Board's role in the strategy development process will ensure:

5.2.1 Active Board participation in strategy development, including the review and challenge of the strategy.

5.2.2 Creation of an adaptable organization that is able to respond quickly to changing market opportunities.

5.2.3 Appropriate dissemination of the strategic plan of Company.

5.3 Corporate Culture - the Board's role in setting and communicating standards for organisational behavior shall:

5.3.1 Promote openness with Management on issues for which the Board will ultimately be accountable.

5.3.2 Sponsor and actively promote adherence to the organization's defined code of conduct.

5.3.3 Promote the use of incentive schemes that align the interests of the Board and Executive Management with those of the shareholders and other stakeholders.

5.4 Monitoring and evaluation – the Board's role in monitoring Management and evaluating its performance against defined goals will require to:

5.4.1 Ensure that the organization complies with relevant laws and regulations as well as with accounting, human resource and other internal policies.

5.4.2 Understand organizational risks and be informed routinely about how they are managed and be assured that this is effective.

5.4.3 Apply a rigorous process for evaluating and monitoring the performance of the Chief Executive ("CE") and Executive Management.

5.5 Stewardship – the Board's responsibility towards stakeholders and accountability for their interests will need to:

5.5.1 Uphold rigorous standards for individual members' preparedness, participation and conduct.

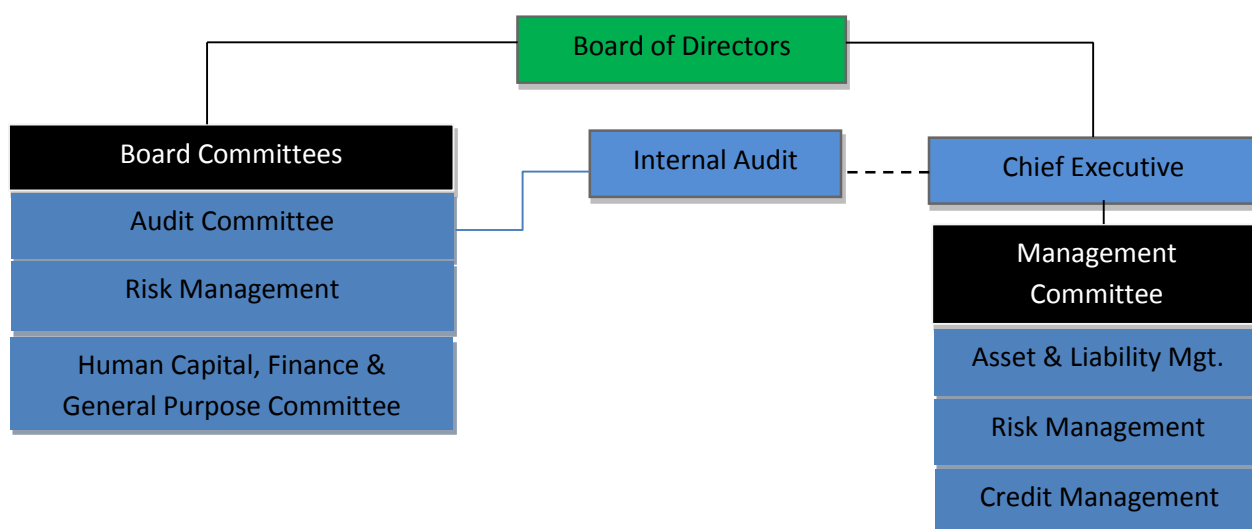
5.5.2 Protect the organization and its stakeholders from potential damage due to conflicts of interest.

5.5.3 Manage stakeholder expectations regarding the safeguarding of their interests, in part by ensuring that communication is thorough, timely and transparent.

6.0 CORPORATE GOVERNANCE STRUCTURE:

The Board will form the necessary Board and Management Committees to assist the Board in providing effective oversight over the Company's operations. Board would review the structure periodically and modify it if deemed necessary. Additional committees may be formed from time to time and/ or the existing Committees could be assigned additional responsibilities.

The role of the Board Secretary is to assist the Board and its Committees in maintenance of relation between Executive Management and the Board, and in his role as Company Secretary, between the Board and shareholders and vice versa.



The risk management, credit management, compliance, financial control functions would be independent of the business lines. The Audit function would be independent and report to the Audit Committee of the Board.

6.1 Board Committees:

The Board delegates (without abdicating) some of its responsibilities to different Board Committees. The present established Board Committees are given below. The terms of references have been separately established for each Committee.

Audit Committee

- Minimum five members (CE is not a member) are appointed for a 1 year term.
 - Minimum number of meetings required each year: 4
- Role: Approves internal audit program, reviews reports on effectiveness of internal controls, considers major findings of internal audit reviews by group auditors and the Central bank, investigations and Management's response and ensures coordination between internal and external auditors

Risk Management Committee

- Minimum three members are appointed for 1 year term.
- Minimum number of meetings required each year: 4
- Role: reviews the effectiveness of the enterprises risk management framework, Risk control self-assessments, employer assessment reports and implementation of risk policies.

Human Capital, Finance and General Purpose Committee

- Minimum three members are appointed for a 1 year term.
- Minimum number of meetings required each year: 2
- Role: Reviews annual budgets and financial performance of management; establishes board compensation policy for Directors and Executive Management, recommend board members' appointments to various Committees to the Board for approval, in addition to reviewing, assessing and having oversight on all aspects of Corporate Governance in keeping with regulatory and statutory requirements.

The Board reserves the right to form temporary Committees and discontinue them, from time to time as it sees it necessary.

6.2 Management Committees:

Management Committees are chaired by the Chief Executive and, other Committee members are heads of the relevant divisions appointed by the Committee Chairman. Specific terms of references have been established for each Committee formed. The Chief Executive reserves the right to form temporary Committees and discontinue them, from time to time and as necessary.

Committee	Summary Terms of Reference
Asset & Liability Management	Establishes strategies and guidelines for the overall management of the balance sheet and its associated risks.
Risk Management	Identifies, measures, monitors and controls risk by establishing risk policies and procedures; Considers reports on internal controls and compliance.
Credit Management	Approves credit and investment proposals of a certain limit. Also reviews and recommends any proposals requiring Executive Committee or Board approvals. Reviews and establishes provisioning requirements for loans, advances and investments

6.3 Delegation of authority

The Board Committees, Management Committees and other specific Management personnel will execute activities/transactions on behalf of the Company in accordance with the delegated authority limits.

As a general principle, policies covering operational issues, internal control, risk management, human resources, IT, compliance and such other functions in the Company would be approved by the Board.

The approval of relative Procedure is delegated to the Chief Executive. The procedures / processes relating to the functioning of the Board or Board Directors would be part of the Board Charter or approved either by the Board or by the appropriate Board Committee.

The application of the authority limits to different functionaries will be based on principles of delegation and will form part of the relevant Policy and Procedure.

Code of Conduct for the Board of Directors

1. Administration of the Code

1-1 The Code of Conduct shall be circulated to all existing Members of the Board of the Company and it shall be binding on them. This code shall be administered in addition to the code issued by the Central Bank of Nigeria

1-2 Breaches of the Code shall be dealt with either by the Board of Directors or by a Committee established for this purpose.

2. Standard of Conduct

2-1 Members of the Board of Directors shall discharge their duties professionally, with due diligence and to the best of their abilities.

3. Conflict of Interest, Disclosure and Appointments

3-1 Members of the Board shall be duty bound to conduct themselves honestly and sensitively with respect to acceptance of certain functions, prerequisites or assignments which could conflict with the knowledge acquired by them in the performance of their duties as members of the Board of Directors of the Company. They shall continue to be bound by this obligation after termination of their duties.

3-2 Members of the Board of Directors shall declare forthwith, in writing, to the Chairman of the Board any other official or professional position(s) held by them at any point during their term of their membership in the Board.

3-3 Members of the Board shall not allow other direct or indirect professional relationships to affect in any way the conduct or their activities for the Company, and visa versa. Where a member of the Board of Directors, using his best judgement, comes to the conclusion that he may have a conflict of interest with regard to a decision to be taken by the Board of Directors, he shall immediately declare so to the Chairman of the Board. When the Chairman of the Board of Directors is personally involved he shall immediately declare to the Vice Chairman who will take necessary action.

3-4 A member or the Chairman of the Board of Directors having declared a conflict of interest concerning a decision of the Board shall volunteer to refrain from taking part in the discussion of such transaction in the Board and shall abstain from voting on such decision.

3-5 If a member of the Board of Director is offered an official or professional position which may give rise to a permanent conflict of interest as regards his duties and responsibilities as a member of the Board of Directors of the Company, he shall inform the Chairman of the Board and shall seek to ascertain whether accepting such position would be compatible with his duties and responsibilities as member of the Board.

4. Confidentiality and Inside Information

4-1 Members of the Board of Directors shall not divulge any confidential information or data coming to their knowledge during the performance of their duties to persons or bodies outside the Company, other than persons assisting them in the discharge of their duties as Board members, provided that such persons are subject to an equivalent level of confidentiality. They shall continue to be bound by this obligation after termination of their membership in the Board.

4-2 Members of the Board of Directors who in the context or course of their duties, have direct or indirect access to or are in possession of inside information of the Company, its branches and subsidiaries may not make use, either directly or indirectly of this inside information in order to carry out, recommend or advise either in favour of or against transactions involving the Company or its branches and subsidiaries for their own account or that of third parties.

4-3 "Inside Information" shall mean information a) which is of precise nature b) has not been made public, c) which if made public would be likely to have a significant effect on the price of securities of the Company or its subsidiaries.

5. **Key Persons (KPs) dealings**

5-1 Company has KP Trading Policy consistent with SEC Guidelines on KPs' and their dealing in company's securities. All members of the Board (elected/nominated) and institutions which nominate directors are considered as KPs.

5-2 All KPs shall declare, in writing to the Board Secretary, all requested information in this regard, including 'connected persons', 'controlled corporations' and 'corporations in which the KP exercises influence'. The information relates to KP's, basic data, initial beneficial ownership and subsequent changes thereof.

5-3 Any changes in basic information and change in ownership regardless of the type of such change and howsoever occurring, from time to time, should be advised to the Board Secretary by the end of the next business day.

5-4 The KP should inform his 'connected persons', 'controlled corporations' and 'corporation in which person exercises influence' that he is a KP in the Company.

5-5 For the purpose of this Code, any interest in the shares of the Company held by 'connected person' 'controlled corporations' and 'corporation in which person exercises influence' of the member of the Board of Directors, shall be deemed to be interests of the relevant member of the Board of Directors.

6. **Acceptance of gifts**

6-1 Members of the Board of Directors shall not apply for, receive or accept from any source any advantage, direct or indirect, which is in any way connected with his mandate in the Company. The members of the Board of Directors should therefore discourage the offer of any gift having more than a token value. However, should it be impossible to refuse, notably because such refusal could prove embarrassing to the donor, the gift is to be surrendered to the Company through the intermediary of the Board Secretary.

6-2 Exclusive to the above clause are giveaways, which are defined to be any gift which has a market value of no more than =N=500,000 or bears the logo or commercial trade mark of the donor.

7. **Relations with Company Staff**

7-1 In their dealings with Company staff, members of the Board of Directors shall refrain from exerting any pressure which might result in any infringement of regulations or deviation from procedures, for example in management of the Company's assets, award of contracts, management of human resources or financial transactions.

8. Co-operation with regulatory bodies

8-1 Should the need arise, the members of the Board of Directors shall co-operate fully with persons charged with conducting any regulatory investigation.

9. Acceptance of this Code

9-1 All members of the Board of Directors shall sign this Code of Conduct, including any new members who may assume office as from this date.

9-2 These signed copies shall be held by the Board Secretary.

Board Charter

1.0 OVERVIEW:

1.1 The purpose of the Board Charter is to outline the principal role of the Board of Directors (Board), the demarcation of the roles, functions, responsibilities and powers of the Board, various Board Committees of the Company and matters reserved for final decision-making or pre-approval by the Board; and the policies and practices of the Board in respect of matters such as conflicts of interest and convening of Board meetings.

1.2 This Charter further defines the specific responsibilities of the Board of Directors, in order to enhance coordination and communication between the Chief Executive and the Board and more specifically, to clarify both Board and Management accountability for the benefit of the Company and its shareholders.

2.0 BOARD'S ROLE, AUTHORITY AND COMPOSITION:

2.1 Role of the Board:

2.1.1 The principal role of the Board is to oversee the implementation of the Company's strategic initiatives and its functioning within the agreed framework, in accordance with relevant statutory and regulatory structures. The Board ensures the adequacy of financial and operational systems and internal control, as well as the implementation of corporate ethics and the code of conduct.

2.1.2 The Board has delegated responsibility for overall management of the Company to the Chief Executive.

2.1.3 The Board reserves a formal schedule of matters for its decision to ensure that the direction, management and control of the Company rests with the Board. This includes strategic issues and planning, performance reviews, material acquisition and disposal of assets, capital expenditure, authority levels, appointment of auditors and review of the financial statements, financing and borrowing activities including annual operating plan and budget, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

2.1.4 All policies pertaining to Company's operation and functioning are to be approved by the Board.

2.1.5 The Board is responsible to decide and circulate the agenda for the General Meetings of the shareholders.

2.1.6 The Board must ensure equitable treatment to minority shareholders.

2.2 Authority:

2.2.1 The Board of Directors is the ultimate decision making body of the Company except for matters reserved for the shareholders of the Company.

2.2.2 Consistent with the Board's power to delegate to the Management the day-to-day operation of the Company's business, the Board shall exercise judgment in establishing and revising the delegation of authority for Board Committees and Management. This delegation could be for authorisation of expenditures, approval of credit facilities and for other corporate actions. Such delegation may be approved and expressed under various policies of the Company. The thresholds for the identified authorities will depend upon the operating requirements of the Company.

2.2.3 The issues of major capital expenditure, divestitures, mergers and acquisitions, certain strategic investments would be within Board's authority.

2.2.4 The recommendations of the Committees will be referred to the Board. In the event that the Board is unable to approve a decision of the Committee, the matter will be referred back to the Committee for further consideration.

2.2.5 The Board has full authority to seek any information it requires from the Management or any employee of the Company.

2.2.6 The Board reports to and is accountable to the shareholders of the Company.

2.3 Board Appointment and Remuneration:

2.3.1 Company has rigorous and transparent procedures for the appointment of Board members. Directors shall be issued with Letters/Agreements of Appointment and other relevant policies/procedures of the Company including the Code of Conduct for Directors, to familiarise each new Director with his powers, duties, responsibilities and accountabilities and other matters relating to his appointment. The letters and the Code of Conduct will be countersigned and acknowledged by Directors.

2.3.2 The form and amount of Director compensation is determined by the Board based on the Directors Compensation Policy.

2.4 Board Composition and Skills:

2.4.1 The Board composition will be guided by the Company's Memorandum of Association and Articles of Association and shall comprise not less than 5 members.

2.4.2 The definitions of 'executive directors', 'non-executive directors' and 'independent directors', shall carry the same meanings as that defined (from time to time) by the Corporate Affairs Commission of Nigeria.

2.4.3 The Board of the Company recognises the need for composition of the Board to reflect fair mix of independence, skills and expertise; and facilitate objectivity in decision making. High levels of professional skills and appropriate personal qualities are pre-requisite for directorships.

2.4.4 Candidates for the Board shall be considered by the Human Capital, Finance and General Purpose Committee, and recommended to the Board for appointment, at their next board meeting, in accordance with the qualifications acceptable by the Board taking into consideration the overall composition and diversity of the Board and areas of expertise that new Board members might be able to offer.

2.4.5 Appointment of Directors is subject to prior CBN approval.

2.4.6 The Board shall consist of only non-executive directors. The Board will have adequate number of "Independent" Directors in keeping with regulatory requirements.

2.4.7 There will be separation and clear division in the roles and responsibilities of the Chairman and the Chief Executive. The Chairman of the Board shall be an "Independent" Director.

2.5 Other Board Memberships:

2.5.1 No Board member may have more than one Directorship of a micro lending /Retail Company.

2.5.2 Normally, no Board member may hold more than three directorships in public companies in Nigeria with the provision that no conflict of interest may exist. Any exception should be approved/notified to CAC and disclosed to shareholders.

2.5.3 The number of other company boards on which a Director may serve shall be subject to a case-by-case review by the Human Capital, Finance and General Purpose Committee, in order to ensure that each Director is able to devote sufficient time to perform his or her duties as a Director.

3.0 PRINCIPAL RESPONSIBILITIES OF THE BOARD, THE CHAIRMAN AND THE CHIEF EXECUTIVE:

The key responsibilities of the Board, the Chairman and the Chief Executive are outlined in Appendix 2.

4.0 ELECTION OF DIRECTORS, BOARD MEETINGS, RIGHTS OF DIRECTORS:

4.1 Election:

4.1.1 Directors will be elected/appointed by the shareholders of the company.

4.1.2 Experts who are non shareholders or promoters of the Company may also be elected as Director.

4.1.3 Each proposal by the Board to the shareholders for election or re-election of a Director shall be accompanied by a recommendation from the Board, a summary of the advice of the Human Capital, Finance and General Purpose Committee, and the following specific information:

- a. The term to be served
- b. Biographical details and professional qualifications
- c. In the case of an Independent Director, a statement that the Board has determined that the criteria of independent Director have been met
- d. Any other directorships held
- e. Particulars of other positions which involve significant time commitments
- f. Details of relationships between the candidate and the Company or other Directors of the Company.

4.2 Board Membership and Tenure:

Pursuant to the Company's Memorandum of Association and Articles of Association, all Directors must retire at least once every five (5) years but shall be eligible for re-election, if recommended by the Board, for a further three-year period.

4.3 Filling of Vacancies on the Board of Directors:

If the office of one of the Board members becomes vacant, he shall be replaced by the member next to him in the number of votes in the latest elections of the Board. The new member shall complete the unexpired term of his predecessor. In other than this case, the Board shall elect by secret ballot a member to replace him from among the candidates nominated by two of the Board members at least until the next meeting of the general assembly. If the vacant offices exceed more than half the number of the Board members, the Board shall be deemed dissolved

and new appointments/elections shall be called for to appoint/elect(as the case may be) a new Board of Directors for the company.

4.4 Board Attendance:

4.4.1 All Board members must attend at least 75% of all Board meetings within a calendar year.

4.4.2 Board membership may be terminated if Board members are unable to attend three consecutive Board meetings (without lawful excuse notified in writing to the Board).

4.4.3 In the event that a Board member has not attended at least 75% of Board meetings in any given financial year, the Company shall immediately notify the regulatory authority indicating which member has failed to satisfy this requirement, his level of attendance and any mitigating circumstances affecting his non-attendance.

4.4.4 The absence of Board members at Board and committee meetings shall be noted in the minutes. Board attendance percentage will also be reported during any general meeting when Board members stand for re-election.

4.4.5 Voting and attendance proxies by Directors for Board and committee meetings are prohibited at all times.

4.5 Appointment of Board Secretary:

The appointment and removal of the Board Secretary is subject to the approval of the Board. The Board recognizes the fact that the Board Secretary should be suitably qualified and capable of carrying out the duties required of the post. Being a subsidiary of FCMB Plc, the company secretariat shall rest within the group legal department.

4.6 Meetings and Quorum:

4.6.1 Board meetings will be conducted at least on a quarterly basis (minimum four) and Board Committees will meet as often as required.

4.6.2 The Board Secretary shall prepare and distribute a timetable for the meetings.

4.6.3 Meetings may not be held through video/tele-conferencing facility, except with the approval of the Chairman.

4.6.4 At least three Directors (including the Chairman and/or Deputy Chairman) are required to attend the Board meetings in person in order to ensure a quorum.

4.6.5 The Chairman will chair all sessions of the Board. In absence of the Chairman at a meeting, the Deputy Chairman will chair the meeting.

4.6.6 The Chief Executive will be a permanent invitee in all Board and its sub-committee meetings, except the audit committee.

4.6.7 The Head of Internal Audit or any other member of the Executive Management may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.

4.6.8 Company has an automated system of communication with Directors and maintenance of Board records. This facilitates the Board to take timely and studied decisions and adopting resolutions, either during the meetings or by circulation.

4.7 Voting Rights:

4.7.1 A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board.

4.7.2 Any attendee who is not a member of the Board shall not vote on any matter coming before the Board for a vote.

4.7.3 All decisions of the Board will be based on a simple majority of the members present at the meeting in person. In the event of a tie, the Chairman or in his absence, the Deputy Chairman of the Board will have a casting vote.

4.7.4 The Board may adopt resolutions by correspondence, including mail, electronic or fax correspondence, provided that in order for resolutions taken in this manner to be valid, they shall be approved by all the members. Any member to whom a proposed resolution is sent and who fails to respond within three working days following the date on which the proposed resolution is sent to him shall be considered to have approved the resolution.

4.8 Meetings and agenda:

4.8.1 The Board of Directors shall meet at the summons of its Chairman or his Deputy or if requested to do so by at least two Directors. A meeting of the Board of Directors shall be valid if attended by not less than three Directors in person.

4.8.2 The notice of a Board meeting should be given in advance of the meeting. The Chairman, Chief Executive and Board Secretary shall undertake the primary responsibility of preparing the Board's agenda. The agenda should include matters specifically reserved for the Board's decision.

4.8.3 Save in urgent cases, as a matter of best practice and to allow sufficient time for Directors to consider the information, the Board Secretary shall provide the members with an agenda and any necessary documentation as early as possible and in general, at least five days before a meeting takes place. Where there is a need to table a report, a brief précis of findings and/or recommendations should be presented.

4.8.4 A record of Board submissions and papers, and of materials presented to the Board, shall be maintained and held by the Board Secretary together with minutes of meetings. All such records are accessible to members.

4.8.5 Directors shall have complete access to the Company's Executive Management through the Chief Executive or through the Board Secretary as per arrangement consented by the Chief Executive.

4.9 Independent Professional Assistance:

The Board members are entitled to obtain independent professional advice relating to the affairs of the Company or to their individual responsibilities as members subject to approval by the Board.

4.10 Director's Professional Development:

4.10.1 The Board is required to be up to date with current business, industry, regulatory and legislative developments and trends that will affect the Company's business operations.

4.10.2 Immediately after appointment, the Company will provide a formal induction, if necessary.

4.10.3 Meetings will also be arranged with Executive Management, Heads of Divisions and the Company's auditors. This will foster a better understanding of the business environment and markets in which the Company operates.

4.10.4 The induction program will also include meetings with the Chairman and, if necessary, legal counsel or compliance officer to review the Board's role and duties, particularly covering legal and regulatory requirements.

4.10.5 A continuing awareness program is essential and it may take many different forms, through distribution of publications, workshops, presentations at Board meetings and attendance at conferences encompassing topics on directorship, business, industry, regulatory developments. Company will have rigorous training procedures for the continuous development and awareness of Board members, on need-based basis.

5.0 CODE OF CONDUCT, CONFLICTS OF INTEREST, INSIDER TRADING:

5.1 The members of the Board should ensure that they conduct their affairs with a high degree of integrity, taking note of applicable laws, codes and regulations.

5.2 The Board has approved a Code of Conduct for Directors. The Board has also approved the Code of Ethics for Executive Management and members of staff of the Company. In addition, the Company has adopted a separate gifts policy to govern the receipt and acceptance of gifts by members of staff and the appropriate declaration of any gifts received. 'A separate Whistle Blowing Policy' covering Directors and all the staff of the company is adopted'. The Code of Conduct binds signatories to the highest standard of professionalism and due diligence in discharging their duties. The Codes outline areas of conflict of interest, confidentiality and responsibilities of the signatories.

5.3 A Director shall declare to the Board any personal interest, whether direct or indirect (of 'connected persons'), he may have in matters brought before the Board. This declaration shall be recorded in the minutes and the interested Director shall not participate in the debates or voting on the resolutions to be adopted in this respect.

5.4 Any decisions to enter into transactions, under which Company's Directors would have conflicts of interest that are material, shall be formally and unanimously approved by the full Board. Directors must inform the entire Board of (potential) conflicts of interest in their activities with, and commitments to other organisations as they arise and abstain from voting on the matter. This disclosure must include all material facts in the case of a contract or transaction involving the Director.

5.5 All Directors must declare in writing all of their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a manager, or other form of significant participation) to the Board (or the Human Capital, Finance and General Purpose Committee or Audit Committee) on an annual basis.

5.6 The Chairman of the Board shall communicate to the General Meeting, when it is convened, the result with respect to the significant transactions and contracts in which any Director has a personal interest. Such communication shall be accompanied by a special report from the External Auditor. The Company shall disclose such transactions in its financial statements/Annual Report.

5.7 The Board may disclose to the shareholders in the Annual Report any abstention from voting motivated by a conflict of interest and will disclose to the shareholders any authorisation of a conflict of interest contract or transaction.

5.8 All Board members and members of Executive Management must declare in writing all of their interests and of their 'connected persons' holding and interests in CDL and other entities, annually in the form and manner as provided in the Insider Trading/Key Persons Procedure.

5.9 The Company has established Insider Trading/Key Persons Procedures, consistent with the SEC and CAC guidelines, to ensure that the Insiders/Key Persons are aware of the legal and administrative requirements regarding holding and trading in the Company's securities, with the primary objective of preventing abuse of inside information. The responsibility for ensuring compliance with Insider Trading/Key Persons procedure is entrusted to the Risk Management & Audit Committee of the Board. The procedural details and requirements are contained in the Insider Trading/Key Persons Procedure.

5.10 All Directors (individuals and institutions who nominate Directors along with their 'connected persons') are considered as 'Insiders' or 'Key Persons'. The definitions of 'Insider' and 'Key Person' are included in Appendix 1.

6.0 BOARD RESOLUTIONS AND MINUTES:

6.1 The Board Secretary shall minute the proceedings and resolutions of all Board and its Committee meetings.

6.2 Minutes will be tabled for circulation for endorsement at the subsequent meeting by the Board Secretary and approved by the Chairman of the Board of Directors and the members present at the meeting.

6.3 A Director who objects to any resolution adopted by the Board shall have his objection recorded in the minutes.

6.4 All resolutions by circulation should be tabled at the subsequent Board meeting for ratification.

7.0 BOARD AND COMMITTEE EVALUATION:

7.1 The Board shall perform a self-evaluation on an annual basis. The Board shall annually review its Charter and its own effectiveness and composition; and initiate suitable steps for any amendments.

7.2 The evaluation process shall also cover the review of the performance of each individual Board member, his attendance and his constructive involvement in discussions and decision making.

7.3 The Board will also review self-evaluations of the Board Committees and consider appropriately any recommendations arising out of such evaluation.

7.4 While the evaluation is a responsibility of the entire Board, it will be organized and assisted by the HR, Finance and General Purpose Committee.

7.5 The Board will report to the shareholders, at each shareholder meeting, that evaluations have been done and report its findings.

7.6 The Chairman shall confirm to shareholders when proposing re-election of a Director that, following a formal performance evaluation, the person's performance continues to be effective and continues to demonstrate commitment to the role.

8.0 SHAREHOLDERS RIGHTS

8.1 Shareholders of the Same Class:

- a. All shareholders of the same type, class and series shall be treated equally and will carry the same rights.
- b. All investors shall be able to obtain information about the rights attached to all types, series or classes of shares before they purchase, where applicable. Any changes in voting rights shall be subject to approval by those shareholders which are negatively affected.
- c. Company shall protect the interests of minority shareholders and ensure their equitable treatment.
- d. The Company shall encourage the attendance of shareholders at all shareholder meetings.
- e. Where shareholders are unable to attend, the Company will make provision for such shareholders to vote by proxy, subject that such proxy is revocable and provides for two-way voting item.
- f. Any impediments to cross border voting shall be eliminated.
- g. Processes and procedures for general meetings shall allow for equitable treatment of all shareholders.

8.2 Other Shareholders Rights

- a. The Company will protect all rights of shareholders in keeping with the Memorandum and Articles of Association of the Company and other legal and regulatory provisions
- b. Basic shareholders rights include but are not limited to:
 - Secure methods of ownership registration
 - The transfer of shares
 - Obtaining relevant and material information on the Company on a timely and regular basis
 - Electing and removing members of the Board
 - Sharing in the profits of the Company and receiving profit dividends decided for the shareholders
 - Receiving a share of the Company's total property on liquidation
 - Participating in the Company's management, whether through the general assemblies and as a member of the Board of Directors, according to the - Articles of Association
 - Obtaining information/details comprising the Company's balance sheet for the past financial year, the profit and loss account and the reports of the Board of Directors and the Auditor, in hard copy format or in soft copy as available on the website
 - Filing lawsuits to invalidate any resolution issued by the Board in contravention of the law, the public order or the Memorandum or the Articles of Association
 - Disposing of the shares and having a priority in subscribing for new shares in accordance with the provisions of the law
 - Examine the Company's records and obtain copies according to the conditions and procedures defined in the Articles of association, provided that the use shall not prejudice the Company's interests or financial position or third parties
- c. Shareholders shall also have the right to participate in, and to be sufficiently informed on decisions concerning fundamental corporate changes, such as:
 - Amendments to the statutes, or articles of incorporation or similar governing documents of the Company;
 - The authorization and approval of additional or new shares or securities; and

- Extraordinary transactions, including the transfer of all or substantially all assets that in effect result in the sale of the Company.

9.0 EXTERNAL TRANSPARENCY:

9.1 The Company provides information on all events that merit announcement through reports and other channels.

9.2 The Company uses a bulletin board for communicating with its staff on general matters and sharing information of common interest and concern.

9.3 The Annual Report will contain a separate section on Corporate Governance and Disclosures, which will cover details on the number of Board meetings, information on Directors, Board Committees and other related information. The Chairman's Report in the Company's Annual Report may review major events during the past financial year and the outlook for the future.

9.5 On an annual basis, the Company will submit a report recording the meetings during the year by the Board as per the requirement of the Corporate Affairs Commission and Central Bank of Nigeria.

9.6 The remuneration paid to the Chairman and members of the Board may be published in the Annual Report.

10.0 CONCLUSION:

10.1 This Board Charter had been developed with the intention of providing an informative written reference for Board members and for others who work with the Board. The provisions in this document are consistent with the regulatory requirements under the Central Bank of Nigeria and with best market practice. Although this document sets forth the key principles under which the Board operates; it is a statement of intention. Accordingly, it is a working document that can change from time to time as the Board considers appropriate and as circumstances and conditions change.

10.2 Wherever necessary, Board approval should be obtained for any material exceptions.

10.3 This document is not intended to supersede the requirements under Company's Memorandum of Association and Articles of Association. In the case of a conflict between this document and the Memorandum of Association and Articles of Association, the provisions in the Memorandum of Association and Articles of Association will govern, unless and until the relative provisions are duly amended through appropriate corporate action.

Board Committees - Terms of Reference

Executive Committee Terms of Reference

1. INTRODUCTION

The Executive Committee (the Committee) is a committee of the CDL Board of Directors. The Committee serves as a link between the Company's Management and the Board of Directors to facilitate the operations of the Company. The Committee meets more frequently and has approving and reviewing authority for the credit & investment matters.

The Committee takes necessary decisions regarding matters under its authority and/or raises recommendations to the Board of Directors for approval/ratification as per the specializations, powers and responsibilities assigned to it by the Board of Directors.

2. PURPOSE & DEFINITIONS

2.1 Purpose: The objective for the formation of the Executive Committee is to facilitate the business/operations of the Company through studying the various matters raised to it or the Board by the Management. The Board has delegated to the Committee suitable authorities/powers in order to perform its entrusted duties and tasks, and overseeing of Company's budget as deemed necessary in order to ensure Company's optimal management and for providing the support and flexibility necessary to enable Management to perform their assigned duties in an effective manner.

2.2 Definitions: The 'Company' means CDL, 'CDL Group' means CDL, its overseas branches and subsidiaries and the 'Board' means CDL Board. The 'Chairman' means the Chairman of the Committee. The terms 'Independent', 'Non-Executive' have the same meaning as defined under the CBB Rule Book and classified accordingly.

3. COMPOSITION, MEETINGS AND FRAMEWORK

3.1 Membership: The Committee will consist of no less than five members. The committee may include one 'independent' member, if required. The Chief Executive will be a member of the Committee and will also have voting and other rights as other Directors, with due consideration to any conflict of interest. The members of the committee can be changed/removed at the discretion of the Board of Directors at anytime.

3.2 Tenure: The tenure of the committee shall be of one year. The tenure of the Director who joins in between would be for the remaining period of the year.

3.3 Meetings: The Committee will meet no less than 8 times per year. The Chairman may convene a meeting of the Committee at any time on reasonable notice. Participation in the meeting through video / Tele conferencing is permitted in keeping with the provisions of the Board Charter. Attendance by Proxies is not permitted.

On an exceptional basis, the Committee will convene at the summons of its members or at the request of Management to discuss matters of urgency in order to avoid any delay to the business interests of the Company. The number of members present for such meetings should be more than half of the members of the Committee. The convening of such meeting shall be done by the Chief Executive (to be coordinated by the Board Secretary) or, in his absence his delegate, and the present Committee members.

3.4 Quorum: The quorum shall be of more than half of the members and must include the Chairman or the Deputy Chairman. The decisions/resolutions shall be adopted by simple majority of the participating

members. The Chairman shall not have additional vote. In the absence of the Chairman or his Deputy, and on exceptional basis, the Committee may meet and the attending members shall elect the Chairman for the particular meeting.

3.5 Chairman: The Chairman and Deputy Chairman must be a Director and appointed by the Board or alternatively elected by the members of the Committee in its first meeting after the appointment of its members.

3.6 Secretary: The Board Secretary shall be the secretary to the Committee and attend all meetings of the Committee.

3.7 Resources: The Committee will be supported by the Board Secretary and the Management.

3.8 Minutes: The minutes of each meeting will be circulated by the Board Secretary to all members and additionally to other attendees, as appropriate. The Chairman will report/brief to the Board, if required. The minutes of each meeting will be circulated after being approved by the Committee to the Board of Directors and will be part of the agenda of the Board under items for information.

3.9 Disclosure: The membership of the Committee, description of its duties and activities and attendance during the year may be disclosed in the Annual Report/ The Company's official website and to the shareholders.

3.10 Attendees: The Chief Executive is a member of the Committee. Other Directors, members of Management or persons may also attend the meetings at the invitation of the Chairman. All invitees should withdraw from the meeting if required to do so by the Chairman.

3.11 External Advice: The Committee, and each member with the Chairman's consent, may engage independent counsel and other professional advisers at the expense of the Company, and/or invite them to attend meetings.

3.12 Training: The Committee shall make available to its new members a suitable induction and ongoing training where appropriate, as discussed with the Committee.

3.13 Resolutions by circulation: The Committee may adopt resolutions by correspondence, including mail, electronic or fax correspondence, provided that in order for resolutions taken in this manner to be valid, they shall be approved by all the members. Any member to whom a proposed resolution is sent and who fails to respond within three working days following the date on which the proposed resolution is sent to him shall be considered to have approved the resolution. The Board Secretary should ensure that the documents related to the proposed resolution are received by all members of the Committee.

3.14 General: The Committee will be guided by provisions under the Memorandum of Association and Articles of Association, Board Charter on matters related to its functioning and not specified in this document.

4. **SCOPE**

4.1 The role of the Executive Committee is to review, approve credit/investment and such other proposals within its authority and recommend to Board.

4.2 The Committee has authority to examine any matters within its responsibilities and to obtain such information as it may require from any Director, member of the Management or employee of the Group. The

Committee will report on periodic basis to the Board. The Committee's scope will involve related issues of the entire CDL Group and its authority extends to all relevant matters relating to the Group.

4.3 The Committee will review its terms of reference on annual basis or immediately after the appointment of its members

5. TERMS OF REFERENCE:

5.1 DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN

The Chairman is responsible for:

- 5.1.1 Ensuring Committee meetings are duly convened and that required quorum is present when required.
- 5.1.2 Approving agenda and related materials for the Committee meetings.
- 5.1.3 Ensuring that the meetings are conducted in an efficient and effective manner.
- 5.1.4 Ensuring that the Committee has sufficient information to take decisions.
- 5.1.5 Providing leadership to the Committee and assisting it in its responsibilities.
- 5.1.6 Reporting to the Board on deliberations and recommendations of the Committee.
- 5.1.7 Monitoring functioning of the Committee as per its Terms of Reference.
- 5.1.8 The Chairman or his Deputy shall be available at the Annual General Meeting to answer questions relating to the Committee's functions.

5.2 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE:

The Committee shall perform the following duties/responsibilities:

5.2.1 Planning:

Review and preparation of short-term, medium-term and long-term plans; and policies to fulfill Company's goals/objectives, as per the directions of the Board. The Committee also shall prepare/review business plans to be submitted to the Board. The Committee shall periodically review Company's achievements and recommend to Board appropriately.

5.2.2 Annual estimated budgets

Review the Company's budget submitted by the Management in the fourth quarter of every year and edit as deemed appropriate/necessary. This shall be documented in the minutes and submitted to the Board of Directors for ratification/endorsement.

5.2.3 Approve, Decrease or Cancellation/Write-Off of Credit Facilities and Debts/Loans

a. Credit Facilities

Take required decisions in regard to Management's recommendations regarding loan applications and credit facilities, whether monetary or non-monetary, which fall within the authorities granted to the Committee by the Board in this respect. Assess and review loans portfolio periodically to ensure compliance with credit policy.

b. Decrease or Cancellation/Write-Off of Loans

Take decisions in respect to Management's recommendations regarding the decrease or cancellation/write-off of non-performing loans, which fall within the authorities granted to the Committee by the Board in this respect.

5.2.4 Exceptions Approval:

Reviewing exceptions if any presented for information and approval in terms of the risk policy guidelines.

5.2.5 Approval of Policies: All other Policies which do not come under purview of any other Committees

would be reviewed by this Committee before submission to Board.

5.2.6 Authority over Consultancy and Capital Fees/Expenditures

Approve consultancy and capital expenditures/fees recommended by the Management as per the authorities granted to the Committee from the Board in this respect.

5.2.7 Authority for Approval of Direct Investments

Study the various recommendations submitted by Management regarding participation in or performing direct investments for the Company, as per the authorities granted to the Committee from the Board in this respect.

5.2.8 Signature Authority

Take decision to authorize the Management to grant as deemed appropriate the right for signature to employees of the Company (i.e. approve authorized signatories).

5.2.9 Grants and Donations

Take decisions regarding recommendations of Management in respect to the distributions of grants/donations as per the allocations decided at the AGM and the delegation of the Board. Ensure the distribution is in an optimal manner that is in line with the benefit of the Company, Company's social responsibility and the priorities of Company and society.

5.2.10 Any other tasks as assigned to the Committee by the Board of Directors and /or referred by other Committees or the Management.

Risk Management & Audit Committee Terms of Reference

1. INTRODUCTION

The Audit Committee was constituted by the Board to enhance the Company's commitment to adopt good governance practices and in keeping with the Central Bank of Nigeria regulations.

2. PURPOSE & DEFINITIONS

2.1 Purpose: The Audit Committee's primary function is to assist the Board of Directors in fulfilling its oversight responsibilities defined by law, regulatory authorities and articles of association and internal policies of the Company.

2.2 Definitions: The 'Company' means CDL, and the 'Board' means CDL Board. The 'Chairman' means the Chairman of the Committee. The terms 'Independent', 'Non-Executive' have the same meaning.

3. COMPOSITION, MEETINGS AND FRAMEWORK

3.1 Membership: The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than 3 members having sufficient technical expertise. The members shall have no conflict of interest with any other duties they may have for the Company. The majority of the Committee members including the Chairman shall be independent. There must be at least one qualified and appropriately experienced accountant in the Committee. The members of the Committee can be changed/removed at the discretion of the Board of Directors at any time.

3.2. Tenure: The term of the Committee members shall be of one year. The tenure of the Director who joins in between would be for the remaining period of the year.

3.3 Meetings: Meetings shall be held not less than four times a year. The Chairman may convene a meeting of the Committee at any time on reasonable notice. Participation in the meeting through video / Tele

conferencing is permitted in keeping with the provisions of the Board Charter. The meeting would normally be synchronized with the Board meetings. Attendance by Proxies is not permitted.

3.4 Quorum: A quorum shall be more than half of the members. The quorum must include the Chairman. The decisions/resolutions shall be adopted by simple majority of the participating members. The Chairman shall not have additional vote.

3.5 Chairman: The Chairman shall be elected by the members of the Committee, from amongst the independent non-executive directors, in its first meeting after the appointment of the members.

3.6 Secretary: The Board Secretary shall be the secretary to the Committee and attend all meetings of the Committee.

3.7 Resources: The Committee will be supported by the Board Secretary, Head of risk management and Chief Internal Auditor.

3.8 Minutes: The minutes of each meeting will be circulated by the Board Secretary to all members. The Chairman will report/brief to the Board following each meeting of the Committee. The minutes of each meeting will be circulated, after being approved by the Committee, to the Board of Directors and will be part of the agenda of the Board meeting under items for information.

3.9 Disclosure: The membership of the Committee, description of its duties and activities and attendance during the year may be disclosed in the Annual Report/Company's official website and to the shareholders.

3.10 Attendees: The Chief Executive, the CFO, Head Admin & HR, Chief Internal Auditor and a representative of the External Auditors shall attend the meetings. The Committee must meet with the external auditors at least twice per year, and at least once per year in the absence of any members of executive management. Other Directors or persons may also attend the meetings with the consent of the Chairman. The Chief Executive and all the other invitees should withdraw if required to do so by the Chairman.

3.11 External Advice: The Committee, and each member with the Chairman's consent, may engage independent counsel and other professional advisers at the expense of the Company, and/or invite them to attend meetings.

3.12 Training: The Committee shall make available to its new members a suitable induction and ongoing training where appropriate, as discussed with the Committee.

3.13 Resolutions by circulation: The Committee may adopt resolutions by correspondence, including mail, electronic or fax correspondence, provided that in order for resolutions taken in this manner to be valid, they shall be approved by all the members. Any member to whom a proposed resolution is sent and who fails to respond within three working days following the date on which the proposed resolution is sent to him shall be considered to have approved the resolution. The board secretary shall ensure that the documents related to proposed resolution(s) have reached all the Committee members.

3.14 General: The Committee will be guided by provisions under the Memorandum of Association, Articles of Association and Board Charter on matters related to its functioning and not specified in this document.

4. **SCOPE**

4.1 The Committee will report on periodic basis to the Board. The Committee's scope will involve all matters relating to financial audit and reporting, internal audit, internal control, compliance and law.

4.2 The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any director, member of the Executive Management or employee and all are directed to cooperate with any request made by the Committee.

4.3 The Committee is also authorized by the Board to function as the Company's 'Insiders Committee' with responsibility of : a) Monitoring compliance with the Key Persons Dealing Policies and b) Monitoring and ensuring compliance with the provisions relating to 'Prohibited Conduct in Possession of Inside Information' contained in the 'Prohibition of Market Abuse and Manipulation (MAM)' module issued by the CBB.

4.4 The Committee will review its terms of reference on an annual basis or immediately after the appointment of its members.

5. TERMS OF REFERENCE

5.1 DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN

The Chairman is responsible for:

5.1.1 Ensuring Committee meetings are duly convened and that required quorum is present.

5.1.2 Approving agenda and related materials for the Committee meetings.

5.1.3 Ensuring that the meetings are conducted in an efficient and effective manner.

5.1.4 Ensuring that the Committee has sufficient information to take decisions.

5.1.5 Providing leadership to the Committee and assisting it in its responsibilities.

5.1.6 Reporting to the Board on deliberations and recommendations of the Committee.

5.1.7 Monitoring functioning of the Committee as per its Terms of Reference.

5.1.8 The Chairman or his Deputy shall be available at the Annual General Meeting to answer questions relating to the Committee's functions.

5.2 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The duties of the Committee shall be:

5.2.1 In relation to Internal Audit:

- To monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management framework.
- To review the internal audit plan, consider the major findings of internal audit reviews, investigations and management's response, and ensure coordination among the internal and external auditors.
- To review the activities, resources and organizational structure of internal audit.
- To review, discuss and make recommendations regarding the selection, appointment and termination where appropriate of the head of internal audit and the budget allocated to the internal audit and compliance function.

5.2.2 In relation to Financial Accounts and External Auditors:

- To make recommendations to the Board, in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors. The external auditor shall report directly to the Committee.
- To review the Company's accounting and financial practices.
- To review and monitor, on an annual basis, the external auditor's independence, including with respect to performance of any non-audit services, objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements and to oversee the appropriate rotation of audit partners with the external auditor.
- To obtain from the external auditor a written report listing any relationships that may compromise the auditor's independence.
- To review and discuss with the external auditor the scope and results of its audit, any difficulties the auditor

encountered including any restrictions on its access to requested information and any disagreements or difficulties encountered with management.

- To receive and review the External Auditors year end 'Management Letter' and ensure that all findings mentioned therein are addressed in a timely manner.
- To review and recommend for approval to the Board of Directors the Group's quarterly, half yearly and annual accounts (Balance Sheet and Income Statement) and to carry out the necessary due diligence required in this connection.

5.2.3 In relation to the system of internal control:

- To keep under review the effectiveness of the internal control systems and the financial risk management framework.
- To review the Company's procedures for detecting fraud and whistle-blowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.

5.2.4 In relation to regulatory compliance:

- To review the effectiveness of the Company's system for monitoring compliance with relevant laws and regulations and the measures taken by the Management.
- To review the Inspection reports of the group internal audit department and Central Bank of Nigeria, as and when issued and received and to address the issues raised therein as needed.

5.2.5a) In relation to compliance with Key Persons Policies:

- To review and monitor the Key Persons' Dealing Policies including any periodical changes made to it. To receive and review the reports of trading done by Insiders.
- To ensure compliance with the Company's Key Persons Dealings policies.

5.2.5b) In relation to compliance with the requirements of Market Abuse:

- To ensure prohibition of the abuse of inside information.

5.2.6 Others:

- To review and discuss arrangements under which company employees can confidentially raise concerns about possible improprieties in financial reporting or other matters, and ensure that arrangements are in place for independent investigation and follow-up regarding such matters.
- The review and supervision of the implementation of, enforcement of and adherence to the Company's code of conduct.

5.2.7 Consider any other functions as assigned/delegated by the Board.

Finance, Human Capital & General Purpose Committee Terms of Reference

1. INTRODUCTION

The committee was constituted by the Board in its meeting first meeting to enhance the Company's commitment to adopting good governance practices and in keeping with the requirements/recommendations contained in the Corporate Governance Code of the CAL and CBN

2. PURPOSE & DEFINITIONS

2.1 Purpose: The Committee is a Board Committee and the purpose of the Committee is to:

2.1.1 Oversee and advise the Board of Directors on all matters relating to nomination and remuneration practices and policies in respect of the Directors and Executive Management, and compensation and reward strategy for the Company.

2.1.2 Review, assess and have oversight on all aspects of Corporate Governance in keeping with the regulatory and statutory provisions of the Corporate Affairs Commission and Central Bank of Nigeria; and to make appropriate recommendations to the Board.

2.2 Definitions: The 'Company' means CDL, 'CDL Group' means CDL, its overseas branches and subsidiaries and the 'Board' means CDL Board. The 'Chairman' means the Chairman of the Committee. 'Executive Management:' within the context of this document shall mean to include Chief Executive, General Managers, Assistant General Managers, and other senior direct reports of the Chief Executive. In addition it will Head of Internal Audit, and Board Secretary.

3. **COMPOSITION, MEETINGS AND FRAMEWORK**

3.1 Membership: Membership will comprise of minimum three members, appointed by the Board of Directors. The Directors would be only 'independent' Directors or, alternatively, only non-executive Directors of whom a majority is independent Directors and the Chairman is an independent Director. The members of the Committee can be changed/removed at the discretion of the Board of Directors at any time.

3.2. Tenure: The term of the Committee members shall be of one year. The tenure of the Director who joins in between would be for the remaining period of the year.

3.3 Meetings: The Committee will normally meet four times in a year. The Chairman may convene a meeting of the Committee at any time on reasonable notice. Participation in the meeting through video / Tele conferencing is permitted in keeping with the provisions of the Board Charter. The meeting would normally be synchronized with the Board meetings. Attendance by Proxies is not permitted.

3.4 Quorum: The quorum shall be more than half of the members and must include the Chairman or the Deputy Chairman. The decisions/resolutions shall be adopted by simple majority of the participating members. The Chairman shall not have additional vote.

3.5 Chairman: The Chairman / Deputy Chairman would be appointed by the Board or alternatively elected by the members of the Committee in its first meeting after the appointment of its members.

3.6 Secretary: The Board Secretary shall be the secretary to the Committee and attend all meetings of the Committee.

3.7 Resources: The Committee will be supported by the Board Secretary, the Head of Human Resources and the Head of Compliance.

3.8 Minutes: The minutes of each meeting will be circulated by the Board Secretary to all members and additionally to other attendees, as appropriate. The Chairman will report/brief to the Board following each meeting of the Committee. The minutes of each meeting will be circulated after being approved by the committee to the Board of Directors and will be part of the agenda of the Board under items for information.

3.9 Disclosure: The membership of the Committee, description of its duties and activities and attendance during the year may be disclosed in the Annual Report/The Company's official website and to the shareholders.

3.10 Attendees: The Chief Executive and the Heads of Finance and Administration shall attend all the meetings. Other Directors or persons may also be invited to attend the meetings with the consent of the Chairman. The Chief Executive and all other invitees should withdraw if required to do so by the Chairman.

3.11 External Advice: The Committee, and each member with the Chairman's consent, may engage independent counsel and other professional advisers at the expense of the Company, and/or invite them to attend meetings.

3.12 Training: The Committee shall make available to its new members a suitable induction and ongoing training where appropriate, as discussed with the Committee.

3.13 Resolutions by circulation: The Committee may adopt resolutions by correspondence, including mail, electronic or fax correspondence, provided that in order for resolutions taken in this manner to be valid, they shall be approved by all the members. Any member to whom a proposed resolution is sent and who fails to respond within three working days following the date on which the proposed resolution is sent to him shall be considered to have approved the resolution. The Board Secretary shall ensure that the documents related to the proposed resolution are received by all the members of the committee.

3.14 General: The Committee will be guided by provisions under the Memorandum of Association, Articles of Association and Board Charter on matters related to its functioning and not specified in this document.

4. **SCOPE**

4.1 The Committee will report on periodic basis to the Board. The Committee's scope will involve nomination and remuneration and Corporate Governance related issues of the entire CDL Group and its authority extends to all relevant matters relating to the Group.

4.2 The Committee has authority to examine any matters within its responsibilities and to obtain such information as it may require from any Director, member of the Executive Management or employee of the Group.

4.3 The Committee will review its terms of reference on annual basis or immediately after the appointment of its members.

5. **TERMS OF REFERENCE**

5.1 DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN

The Chairman is responsible for:

5.1.1 Ensuring Committee meetings are duly convened and that required quorum is present when required.

5.1.2 Approving agenda and related materials for the Committee meetings.

5.1.3 Ensuring that the meetings are conducted in an efficient and effective manner.

5.1.4 Ensuring that the Committee has sufficient information to take decisions.

5.1.5 Providing leadership to the Committee and assisting it in its responsibilities.

5.1.6 Reporting to the Board on deliberations and recommendations of the Committee.

5.1.7 Monitoring functioning of the Committee as per its Terms of Reference.

5.1.8 The Chairman or his Deputy shall be available at the Annual General Meeting to answer questions relating to the Committee's functions.

5.2 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In broad terms the Committee's role and responsibilities is primarily to assess, evaluate and advise to the

Board of Directors on all matters associated with nominations and remunerations of the Directors and the Executive Management and issues related to Corporate Governance of the Company. The specific responsibilities under each function of the committee are as follows:

Under nomination role, the Committee shall:

5.2.1 Provide recommendations and advise to the Board on election or reelection of Directors. Such recommendations/advise may be submitted to the Shareholders along with the following specific details on the Directors:

5.2.1.1 The term to be served shall not exceed three years at the time of each election/reelection. This does not restrict the number of terms to be served.

5.2.1.2 Biographical details and professional qualifications.

5.2.1.3 In the case of an independent Director, a statement that the Board has determined that the criteria in Appendix A of the Corporate Governance Code have been met.

5.2.1.4 Any other Directorships held.

5.2.1.5 Particulars of other positions which involve significant time commitments.

5.2.1.6 Details of any relationships between the candidate and the company or its Directors

5.2.2 Identify and nominate for the approval of the Board, candidates who are qualified to become members of the CDL/other shareholding companies Board of Directors. The committee shall also review and recommend for the approval/noting of the CDL Board, the nominations made by the Board of Directors of the respective CDL's Subsidiary companies for directorship in the Subsidiaries Board. The Committee will also consider and approve the appointments of officers within the Executive Management with the exception of the Head of Internal Audit whose appointment shall fall under the responsibility of the Audit Committee. In performing the nomination responsibilities, the Committee shall consider any criteria approved by the Board and such other factors as it deems appropriate. These may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of other Directors, and other factors.

5.2.3 Make recommendations to the Board of Directors from time to time as to changes the Committee believes to be desirable to the size of the Board or any Committee of the Board.

5.2.4 Whenever a vacancy arises including a vacancy resulting from an increase in Board size, the Committee shall recommend to the Board a candidate to fill the vacancy either through appointment by the Board or through Shareholders election.

5.2.5 Review the leadership needs of the Group and its organization structure with a view to ensuring the continued ability of the organization to compete effectively in the market place. This shall also include preparation and review of job descriptions of the Chief Executive and other members of the Executive Management, as well as other necessary qualifications.

5.2.6 Ensure that orderly and timely succession plan is in place to address any unforeseen vacancy within the Executive Management team.

5.2.7 The number of other company boards on which a Director of CDL may serve shall be subject to a case-by-case review by the Committee, in order to ensure that each Director is able to devote sufficient time to perform his or her duties as a Director.

5.2.8 The Committee will oversee and manage the annual formal performance evaluation process conducted on Board, its committees and members as per the agreed upon process adopted by the Board of Directors. Under remuneration role the Committee shall:

5.2.9 Review and recommend remuneration policies for the Board of Directors and Executive Management. Such policies shall be subject to the Shareholders approval.

5.2.10 Make recommendations to the Board of Directors on remuneration policy and individual remuneration packages for the Chief Executive and other members of the Executive Management team. The remuneration policy should cover the following components:

- Compensation strategy
- Salary & grading structure.

- The specific terms of any performance-related incentive plans including performance share plans, stock options, merit bonus or other deferred-benefit compensation.
- Pension plans and fringe benefits such as non-salary perquisites.
- Retention Schemes.
- Termination policies including any severance payment policies.

The remuneration policy shall also include guidelines to be used for determining remuneration in individual cases, including relative importance of each component and Specific criteria to be used in evaluating the performance of the Executive.

5.2.11 Evaluate the annual performance of the Chief Executive in terms of achievements of the corporate goals and objectives. In determining the reward, the Committee shall take into consideration, overall achievement and performance of the Group, Shareholder return relative to comparable companies, the value of rewards to CE's offered by comparable companies, and awards paid to the CE in past years.

5.2.12 Consider attendance and performance of the individual Directors in determining the remuneration size.

5.2.13 Remuneration of both Directors and officers should be sufficient enough to attract, retain and motivate persons of the quality needed to run the company successfully, but the company should avoid paying more than is necessary for that purpose

Under Corporate Governance role the Committee shall:

5.2.14 Periodically review Company's governance practices and relevant issues, including opportunities for improving the governance framework. Monitor Group's adherence with applicable legal, regulatory and listing requirements relating to Corporate Governance; and make recommendations to the Board as appropriate.

5.2.15 Develop and recommend to the board corporate governance guidelines, and review those guidelines at least once a year

5.2.16 Periodically assess and review the role of the Board and its committees and the methods and processes by which the Board discharges its duties and responsibilities, including the process for the Board's annual self-evaluation and make recommendations to the Board with respect to such methods and processes.

5.2.17 Advise the Board with respect to significant developments in the law and practice of corporate governance; periodically review and recommend to the Board, the composition of various committees of the Board.

5.2.18 Periodically review the Board Profile and Corporate Governance related policies such as Corporate Governance Framework, Board Charter, Code of Conduct, Conflict of interest, Director's compensation etc and recommend to the Board such changes as it considers appropriate.

5.2.19 Assess, from time to time, if any third party evaluations, are desirable.

5.2.20 Consider other issues referred to it by the Board or Management.

5.2.21 Review whether there is a satisfactory induction for new directors with respect to their Board and Board committee responsibilities and ensure that an appropriate ongoing training program is in place in line with market practice. Periodically review the orientation programs for new directors.

5.2.22 Review any material information to be made available to public by the Company relating to corporate governance; Review corporate governance disclosures for the Annual Report and to be made to the shareholders.

5.2.23 Review the annual Corporate Governance report for the Annual General Meeting.

5.2.24 Meet separately with Senior Management, employees or independent advisers, as deemed necessary by the Committee.

5.2.25 Engage at its discretion professional advisers on issues before the Committee at Company's cost.

5.2.26 Conduct a review of the Conflicts of Interest events and review if any disclosures relating to conflicts of interest are to be made public.

Key Persons Dealings Policy

1. INTRODUCTION:

"Key Persons' Dealing Policy" which regulates the trading of Company's securities by members of the Board of Directors, Management staff and others persons, hereinafter defined and referred to as "Key Persons or KPs".

2. OBJECTIVES:

The guidelines set forth below are introduced to ensure that KPs are aware of the legal and administrative requirement regarding the holding and trading of the Company's securities, with the primary objectives of preventing abuse of inside information.

3. DEFINITIONS:

3.1 Company/Issuer: Both the Company and the Issuer shall mean CDL.

3.2 Directors:

Includes any person who occupies the position of a director or a member of Board of Directors, by whatever name called.

3.3 Executive Management:

The executive management includes positions of Chief Executive, General Manager, Assistant General Manager or their equivalent & direct reportees to the Chief Executive. In addition it will include the Chief Internal Auditor and the Board Secretary.

3.4 Connected person- in relation to

(a) The individual's spouse and his/her son, adopted son, stepson, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister, under his/her guardianship or control; or

(b) A firm or company in which the individual or any of the persons mentioned in sub-paragraph (a) has control of not less than 10% of the voting power in the firm or company, whether such control is exercised individually or jointly; Connected persons in relation to a firm or company means another firm or company in which the first-mentioned firm or company has control of not less than 10% of the voting power in that other firm or company.

3.5 Inside Information: means information that;

(a) Is precise in nature relating directly or indirectly to one or more of the securities or the issuer thereof;

(b) Has not been made public;

(c) If made public, is likely to have a significant impact on the price of those securities or their derivatives;

(d) Is, directly or indirectly, related to derivatives of commodities which the traders expect to be disclosed according to the market regulations.

3.6 Market Information

Means any published information about trading or non-trading in certain types of securities, their number, prices, range of price for trading or the identity of those involved or who may be involved, in any capacity, such as trading.

3.7 Dealing and using of Inside Information

Any person who is in possession of inside information shall not use such information to:

- a) Deal in any securities to which that information relates;
- b) Encourage any person to deal in any securities to which that information relates;
- c) Disclose inside information to any other person, otherwise than in the proper performance of the functions of his employment, office or profession;
- d) Violate the rules governing the publishing of market information.

3.8 KPs/Insider Trading

Refers not only to the purchase or sale of an issuer's equity and debt securities, but also to the purchase or sale of puts, calls or other options with respect to such securities. Such trading is deemed to be done by an insider whenever he has any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are actually held in his name. Included in the concept of "insider trading" is "tipping", or revealing inside information to outside individuals, to enable such individuals to trade in the issuer's securities on the basis of undisclosed information.

"Information" includes:

- (a) Matters of supposition and other matters that are insufficiently definite to warrant being made known to the public;
- (b) Matters relating to the intentions, or the likely intentions, of a person;
- (c) Matters relating to negotiations or proposals with respect to:
 - (i) Commercial dealings;
 - (ii) Dealing in securities; or
 - (iii) Trading in futures contracts;
- (d) Information relating to the financial performance of a company or an issuer, or otherwise;
- (e) Information that a person proposes to enter into, or had previously entered into one or more transactions or agreements in relation to securities or has prepared or proposes to issue a statement relating to such securities; and
- (f) Matters relating to the future.

3.9 Insiders

Means any person who has obtained inside information;

- (a) By virtue of his employment or profession;
- (b) Being an officer or shareholder of the issuer of the securities; or
- (c) Through illegal means.

A person may be an insider if he is already aware that such information is classified as inside information even though none of the above applies to him.

All persons who have access or come into possession of material inside information before its public release are considered insiders. Such persons include controlling shareholders, "directors and senior management", officers and employees, and frequently should also include any officials of the CBB and the Exchange who have access to such information, outside attorneys, accountants, auditors, underwriters, investment companyers, public relations advisers, advertising agencies, consultants and other independent contractors. The husbands, wives, immediate families and those under the control of insiders may also be regarded as insiders.

Where acquisition or other negotiations are concerned, the above relationships apply to other parties to the negotiations as well. Further, for purposes of this Module, insiders include "tippees" who come into possession of material inside information.

3.10 Categories of insiders:

The insiders covered by the procedures are of two categories:

3.10.1. "Permanent Insider" means the company itself, members of the Board of Directors of the company, the company's Executive Management, which includes the CE, the General Managers, Division Heads, employees

directly reporting to the CE and/or to the Board of Directors, all Senior Managers, all employees in the Financial Control and Planning Divisions identified as Insiders and such other persons as decided by the Board to have access to inside information relating to the company from time-to-time.

3.10.2 "Temporary Insiders": means any person who is an insider, but not a permanent insider such as advertising agencies, consulting firms and External Auditors.

3.11 Key Persons (KPs)

All persons identified as Insiders under clause 3.10 above are considered KPs at CDL.

3.12 Audit Committee:

A committee of Board of Directors consisting of minimum three members and in addition to its duties as Audit Committee, having responsibility for:

- considering and providing prior approval to requests for trading in Treasury Shares / Securities (for holding, buy-back, supporting market or such other permitted activity). Prior approval of the Committee will not be required for trading by other insiders and key persons in the ordinary shares of the Company in BBC.
- reviewing and monitoring the Key Persons' Dealing Policies including any periodical changes made to it and receiving and reviewing the reports of trading done by KPs.
- ensuring compliance with the Company's Key Persons Dealings policies.

3.13 Person-in-Charge:

Means a person appointed by the Audit Committee to monitor day to day business of the Committee. The Person-in-Charge at CDL is the Board Secretary.

3.14 KP Register:

"Register of KPs" includes basic personal data of KPs and information on their holdings and dealings. The Register of KPs is maintained at the Company's headquarters and updated by the Person-In-Charge.

4. NOTIFICATIONS TO THE KEY PERSONS:

The KP shall be notified of his status as soon as he/she becomes a KP and shall sign a form. The notification for Board of Directors and their connected persons shall be carried out by the Person-in-Charge and for all other KPs by the HRD.

5. NOTIFICATIONS OF DEALING:

Unless prior approval from the Audit Committee will be required as elaborated under 6.0 below, Key Persons are required to notify the Person-in-Charge on details of the dealing by the end of the next business day following the completion of the dealing for trading Company.

6. MONITORING:

6.1 The Audit Committee shall:

- a) Consider and provide prior approval to requests for trading in Treasury Shares and Securities (for holding, buy-back, supporting market or such other permitted activity). Prior approval of the Committee will not be required for trading by other KPs in the ordinary shares of the Company in BBC. The Request for Trading form for this purpose is attached to this policy (see annex b)
- b) Review and monitor the KPs Dealing Policy including any periodical changes made to it.
- c) Ensure compliance with the Company's KPs Dealings policy.
- d) Receive and review the reports of trading done by Insiders (at the end of each quarter the Committee will be posted of all transactions that took place during that quarter by the Person-in-Charge).
- e) Securities trading requests submitted to the Committee to assess any violations to the Policy requirements

and to decide on penalties and disciplinary actions.

6.2 Meetings:

The Audit Committee will meet at least 4 times a year.

6.3 Decisions:

The specific decision to permit trading as stipulated under 6.1a) is to be conveyed to the KP after 2 business days following the date of the trading request.

To facilitate this process, the 'person-in-charge' will circulate the requests as mentioned under 6.1.a) of KPs by e-mail/fax/web interface to all members of the Audit Committee.

Members will advise their objection to the Person-in-Charge immediately within 2 business days. In case of any objection/rejection by any one member, it will be deemed that the request is declined by the committee and the 'Person-in-Charge' will advise the KP accordingly. In case no objection is received from any member within 2 business days then it will be assumed by the Person-in-Charge (on behalf of Committee) that the request is approved and he would advise the KP accordingly. All such decisions will be ratified by the Committee in the next meeting.

In case the Committee meets to decide on requests and there is no need to adopt the circulation process as above then the appropriate decision of the Committee will be conveyed by the Person-in-Charge.

7. 7.0 ROLE OF THE PERSON-IN-CHARGE:

The Person-in-Charge shall have the delegated responsibility of the Committee for day to day monitoring, administration, reporting, maintenance of records and KP register. He would carry functions on behalf of the Committee. The authority to grant approval or reject approval is not delegated to the Person-in-Charge.

The Person-In-Charge shall inform the BBC of any KP trading transaction on the day of receipt of notification from the KP, which should not be later than the following business day on which the said transaction occurs.

8. INTERNAL MONITORING:

For internal administration purposes, the AGM, HRD shall monitor activities relating to the staff identified as KPs and the Person-in-Charge shall handle the same for all other KPs. The Person-in-Charge shall continue to be the overall liaison person for KPs Trading.

9. MAINTENANCE OF REGISTER OF KEY PERSONS:

The Person-in-Charge shall at all times maintain an updated Register of Key Persons containing the following:-

- a. basic personal data of KPs of the Issuer;
- b. Key Persons holdings and interests in the Issuer; and details regarding dealings by Key Persons in securities of the Issuer.

10. REPORTING:

The Person-in-Charge shall submit an updated and complete Register of Key Persons as soon as practicable but not more than 10 calendar days after the conclusion of its Annual General Meeting; and upon request by the board.

The Person-in-Charge shall further notify the board of any changes to its Register of KPs within 10 calendar days of such change.

At the end of each month and on quarterly basis the Committee will be posted of all transactions that took place during that month/quarter by the Person-in-Charge.

On a monthly basis The Person-in-Charge shall send to the attention of board a report on the updates on the KPs register and details of all Trading that took place during the previous month. The report should be submitted not later than the 10th of each month.

11. DISCLOSURE:

12.1 The approved policy shall be posted on the Company's web site.

12.2 A copy of the approved policy will be made available to all KPs. A copy will also be available on request to all shareholders and other interested parties.

12.3 The annual report will contain a statement on the KP policy and also details of interest of directors in the shares of CDL.

12. NON-COMPLIANCE:

Any instances of breach of compliance by KPs with the Company's procedures will be dealt with by the 'Insiders Committee' and sever penalties including termination will be enforced on the violating KP. The Insider Trading Committee shall recommend the course of action to the Board for its consideration.

13. MISCONDUCT BY KPS AND DISCIPLINARY ACTIONS:

1) The disciplinary actions imposed on the staff who are considered KPs shall be according to the company's approved disciplinary code.

2) For all other KPs the Audit Committee shall submit recommendations to the Board of Directors about the disciplinary action for disclosing and/or abusing inside information. The Board shall take final decision on the same.

3) Any disciplinary action under 1) or 2) above shall be according to the provisions of the Labour law of the Federal Republic of Nigeria (concerning staff only) and Central Bank of Nigeria and Nigeria Stock Exchange Guidelines.

4) The company holds the right to take the KP who has carried out the misconduct of disclosing and/or abusing the inside information relating to the company to the court for damages according to the nature and extent of damage

Whistle Blowing Policy

1. INTRODUCTION

1.1 CDL is committed to the highest standards of good governance, openness, transparency, honesty, integrity and accountability. This whistle blowing policy document explains procedure for reporting any misconduct to the designated officials so that appropriate remedial action can be taken.

1.2 Whistle blowing procedures are intended to make it easier for members of staff to be able to report irregularities in good faith, without having to fear that their action may have adverse consequences.

1.3 This document clarifies that employees and other individuals representing CDL can raise an alert on misconduct without fear of retaliation, victimisation, subsequent discrimination or disadvantage. This whistle blowing policy is intended to encourage and enable employees and other individuals representing the Company to raise serious concerns within CDL rather than overlooking a problem or 'blowing the whistle' outside.

1.4 The policy applies to all employees as well as Directors of CDL.

1.5 These procedures contained herein are in addition to the customers' complaints procedures, code of ethics for staff, Code of Best Practice for consumer credit and charging; and other statutory or regulatory disclosure and reporting procedures and requirements.

2. SCOPE OF THIS POLICY

2.1 This policy is designed to enable Directors, all employees, including temporary staff, to raise any serious concerns internally with high level of confidentiality and immunity.

2.2 Any individual who has observed a reportable misconduct has an obligation and responsibility to report such conduct to appropriate authority.

2.3 Conduct becomes reportable when it happens or when it is reasonably likely to happen in near future. In determining whether to report a conduct, the harm to the institution should not only be measured in terms of funds lost or damage to a particular activity or initiative but should also be assessed in terms of damages to the integrity and reputation of CDL.

2.4 This policy is also a mean of preventing and deterring misconduct that may be contemplated but has not yet taken place.

2.5 This policy aims to:

- Encourage employees to feel confident in raising serious concerns and to question and act upon concerns.
- Provide avenues to raise concerns and receive feedback on any action taken
- Reassure employees that they will be protected from possible reprisal or victimisation if they have a reasonable belief that they have made any disclosure in good faith.

2.6 The whistle blowing policy is intended to cover major concerns that fall outside the scope of other procedures. These concerns may include:

- conduct which is an offence or a breach of law
- conduct related to miscarriages of justice
- health and safety risks, including risks to public/employees
- damage to reputation

- damage to the environment
- the unauthorised use of Company's funds and/or use of funds/ property/ resources for illegal, improper or unethical purpose
- possible fraud
- indulgence in corruption
- sexual or physical abuse
- other unethical conduct

2.7 A serious concern about any aspect of service provision or the conduct of officers or employees or others acting on behalf of CDL can be reported under this whistle blowing policy. It includes any act/event which;

- is against governing rules, procedures, and policies; or established standards of practice;
- falls below established standards of practice and ethics such as integrity, respect, honesty, responsibility, accountability and fairness;
- amounts to illegal or unlawful conduct;
- amounts to the waste/misuse of CDL resources;
- amounts to an attempt to cover up any of these types of actions.

3. PROTECTION TO WHISTLE BLOWER

3.1 Retaliation, Harassment or Victimisation:

3.1.1 CDL will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect those who raise a concern in good faith.

3.1.2 Any investigation into allegations of potential malpractice or misconduct reported by whistle blower will not influence or be influenced by any other disciplinary procedures that already may otherwise affect the whistle blower

3.2 Confidentiality:

3.2.1 All concerns/reports will be treated in utmost confidentiality. In certain instances, however, the whistle blower may be requested to come forward to substantiate or clarify his views.

3.2.2 All whistle blowing reports would be treated as either confidential or anonymous. The choice between confidential or anonymous is that of the whistle blower alone. However all reports shall be sent to the company's dedicated phone line and email.

3.2.3 A whistle blower may choose to reveal his/her identity when a report or disclosure is made. CDL will respect and protect the confidentiality of the whistle blower and gives the assurance that it will not reveal the identity of the whistle blower to any unrelated third party, unless as required by legal proceedings (i.e. overriding legal obligation).

3.2.4 The Company expects that the whistle blower maintains same level of confidentiality.

3.3 UNTRUE ALLEGATIONS

3.3.1 If a whistle blower makes an allegation in good faith, but it is not confirmed by subsequent investigation, no action will be taken against him. In making a report, the individual must exercise due care to ensure the accuracy of the information. If, however, the whistle blower makes an allegation frivolously, maliciously, for personal gain, for personal reasons; Company may consider disciplinary action against

him/her. Initiating such action would need approval of the Chief Executive.

3.3.2 "Good faith" can be taken to mean the unequivocal belief in the veracity of the reported incidents, i.e. the fact that the member of staff reasonably believes that the transmitted information to be true. Staff members, who make a report maliciously, based knowingly on false or misleading information, seemingly due to personal bias, shall not be protected and shall be subject to disciplinary measures.

3.4 ANONYMOUS ALLEGATIONS:

3.4.1 This policy encourages the whistle blower to put his/her name on the allegation whenever possible. A confidential report as opposed to an anonymous report will facilitate informed investigation process.

3.4.2 Concerns expressed anonymously will however, be accepted but would be considered at the discretion of CDL.

3.4.3 In exercising this discretion the factors to be taken into account would include:

- the seriousness of the issues raised
- the credibility of the concern; and
- the likelihood of confirming the allegation from attributable sources.

4. REPORTING PROCESS AND HIERARCHY

4.1 The person concerned has a choice of communication channels to be used for whistle blowing. If deemed necessary by the person, then he/she may bypass the normal channels and hierarchy for reporting of concern.

4.2 Employees should normally raise concerns with their line manager who would notify one of the designated officers of the Company. The Division Head, the General Managers, the Chief Executive and the Chairman of the Audit Committee are the designated officers for this policy. However, if for some reason the employee does not feel comfortable to report through his manager, then he/she has the right to take his concerns directly to the Division Head.

4.3 If the person is not comfortable to report/discuss with the Division Head then he can report to the General Manager or directly to the Chief Executive.

4.4 Depending on the seriousness and sensitivity of the issues involved the whistle blower may directly approach the Chairman of the Audit Committee with the concerns.

4.5 A member of the Board may raise his concerns to the Chairman of the Audit Committee or to the Chairman of the Board.

4.6 Concerns may be raised verbally or in writing. Staff who wish to make a written report are encouraged to provide information on following lines on a plain paper/e-mail:

- the background and history of the concern (giving relevant dates);
- the reason why they are particularly concerned about the situation.

4.7 Although the whistle blower is not expected to prove beyond doubt the truth of an allegation, he/she will need to demonstrate to the official contacted (Division Head/General Manager/Chief Executive/Chairman of Audit Committee) that there are reasonable grounds for concern.

5. DEALING WITH REPORTS/COMPLAINTS

5.1 CDL is committed to investigating and addressing all reported cases under his policy.

5.2 In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (such as HR grievance procedures, complaints procedure etc) should normally be referred by the employee or the designated officer to concerned official under those procedures.

5.3 Some concerns may get resolved/addressed without the need for detailed investigation. If urgent administrative action is required then required steps will be taken by the designated official before any investigation is conducted.

5.4 The amount of contact between the officers considering the issues and the whistle blower will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information would be sought from the whistle blower.

5.5 After preliminary examination, where appropriate and after Chief Executives approval, the matters raised may be:

- investigated by Management, Internal Audit, or by other official as deemed appropriate;
- referred to the police;
- referred to the External Auditor or Audit Committee of the Board.

5.6 The Company will take steps to minimise any difficulties which the whistle blower may experience as a result of raising a concern. For instance, if the whistle blower is required to give evidence in criminal or disciplinary proceedings, the Company will arrange for him/her to receive advice about the applicable procedures.

5.7 The Company accepts that the whistle blower needs to be assured that the matter has been properly addressed. Therefore, subject to legal and confidentiality constraints, the Company will inform the whistle blower of the outcome of any investigation.

6. POLICY OVERSIGHT AND OWNERSHIP

6.1 The Audit Committee has the responsibility of overseeing this policy and its compliance.

6.2 The implementation and ownership of this policy will be with the Head, Control, Compliance and Governance. He will submit a quarterly report to the Audit Committee covering the number of reports received, steps taken and their status.

7. THE DESIGNATED OFFICER

7.1 As described in section 4 the Head of the Division, the Chief Executive, General Managers, the Chairman of the Audit committee and the Chairman would be the 'designated officers' under this policy

7.2 Each Designated Officer, belonging to Executive Management, will report each complaint/report to the Head, Control Compliance & Governance for his information and for including in periodic reports. The case/complaint should however be handled as per the process described above.

7.3 The Divisions Head would maintain a record of the reports made to them and provide periodic reports to

the Chief Executive and/or his designated official.

7.4 The Chief Executive has overall responsibility for the maintenance and operation of this policy. The Chief Executive would arrange for maintaining record of concerns raised and the outcome (in a form which does not endanger confidentiality) and will report, as and when necessary, to the Audit Committee of the Board of Directors.

7.5 The Audit Committee, within its discretion, will apprise the Board suitably.

8. **FLEXIBILITY TO WHISTLE BLOWER**

8.1 If the whistle blower feels that it is his/her right to take the matter beyond the above mentioned designated officials then following are possible contact points:

- Independent Directors
- Chairman of the Board of Directors
- the External Auditor

9. **DISCLOSURE**

9.1 This policy should be made accessible to all the Directors, staff members and disclosed on the website and intranet. It should be included in the HR and compliance policies.

1. Directors:

The Directors must be identified in the annual report as executive, non-executive, and independent, as follows:

a) Executive Director (or 'Managing Director') - A person who is involved in the day-to-day management and/or is in full-time employment of the company and/or any of its affiliates or subsidiaries or parent companies. An Executive Director may not occupy the post of 'Chairman';

b) Non-Executive Director - A person not involved in the day-to-day management and/or is not a full-time salaried employee of the company and/or any of its affiliates, or subsidiaries or parent companies;

c) Independent Director -

Determination by the Board: An 'independent director' is a director whom the board has specifically determined has no material relationship which could affect his independence of judgment, taking into account all known facts. The board should consider that, although a particular director meets the formal requirements, he may not be independent owing to specific circumstances of the person or the company, ownership structure of the company, or for any other reason. The board's determination should be a good faith finding after diligent review and full discussion.

Formal Requirements:

'Independent director' means a director of the company who, or whose family shareholders either separately or together with him or each other, does not have any material pecuniary relationships or transactions with the company (not counting director's remuneration for this purpose) and in particular who, during the one year preceding the time in question met all the following conditions:

(a) Was not an employee of the company;

(b) Did not:

(i) Make to, or receive from, the company payments of more than =N=1million; This excludes dividends, deposits, investment accounts and credit facilities from the payments referred; reference to such payments only applies to contractual payments for services rendered and to which the =N=1million threshold should apply

(ii) Own more than a 10% share or other ownership interest, directly or indirectly, in an entity that made to or received from the company payments of more than such amount;

(iii) Act as a general partner, manager, director or officer of a partnership or company that made to or received from the company payments of more than such amount;

(iv) Have any significant contractual or business relationship with the company which could be seen to materially interfere with the person's capacity to act in an independent manner. Dividends, deposits, investment accounts and credit facilities are to be considered here.

(c) Did not own directly or indirectly (including for this purpose ownership by any family member or related person) 5% or more of the shares of any type or class of the company;

(d) Was not engaged directly or indirectly as an auditor or professional advisor for the company, and

(e) Was not an associate of a Director or a member of senior management of the company.

Any term beyond four years for a director shall be subject to particularly rigorous review from the point of 'independence,' and shall take into account the need for progressive refreshing of the Board.

2. Executive Management:

The definition of Executive Management for the purpose of this document shall mean Chief Executive, General Managers, Assistant General Managers (or equivalent), Direct reports of the CE at senior manager level and higher, Head of Internal Audit.

3. Insiders/Key Persons:

(a) "Insider" means any person who has obtained inside information;

(1) By virtue of his employment or profession;

(2) Being an officer or shareholder of the issuer of the securities; or

(3) Through illegal means.

A person may be an insider if he is already aware that such information is classified as inside information even though none of the above applies to him. All persons who have access to or come into possession of material inside information before its public release are considered insiders. Such persons include controlling shareholders, "directors and senior management", officers and employees, and frequently should also include any officials have access to such information, outside attorneys, accountants, auditors, underwriters, investment companyers, public relations advisers, advertising agencies, consultants and other independent contractors. The husbands, wives, immediate families and those under the control of insiders may also be regarded as insiders. Where acquisition or other negotiations are concerned, the above relationships apply to other parties to the negotiations as well.

(b) Key Persons:

Key Persons refer to members of the Company's Board of Directors, Senior Management, the Company itself, and such other persons as decided by the Board to have access to inside information relating to the Company from time to time. While key persons may have access to inside information from time to time by nature of their duties performed, they do not necessarily always possess inside information.

(c) Under CDL's framework, key persons will include CDL's Board of Directors, Executive Management and all employees in the Financial Control and Planning Division. All key persons will be considered as insiders.

4. Board Secretary:

Also assumes responsibilities of Company Secretary under current Company structure and therefore the term 'Board Secretary' will refer to Board and Company Secretary as one role.

Appendix 2

Principal responsibilities of the Board

Governance

- Approve the Company's corporate governance framework and ensure it conforms to best practices and regulatory and statutory requirements.
- Approve the organisational/management structure and responsibilities.
- Provide effective oversight over Management's activities.

Strategic

- Approve the vision and strategy proposed by Management.
- Approve Management's long term corporate strategy and performance objectives and ensure appropriate resources are available.
- Review the company's business plans and the inherent level of risk in these plans.
- Assess the adequacy of capital to support the business risks of the company.
- Appropriately disseminate strategic plan of Company.

Performance Measurement Systems

- Approve performance objectives and performance measurement systems.
- Review the performance of Board, Board Committees and Executive Management.

Business Decisions

- Approve and monitor the progress of material financial restructurings, including mergers, acquisitions, divestitures and acquisitions, annual budgets, dividends etc. affecting the balance sheet.
- Approve financings and changes in authorised capital.
- Approve entering into, or withdrawing from, businesses or service lines.

Human Resources

- Define the goals and objectives of the CE and Executive Management and review performance at least annually.
- Ensure that succession programs and plans are in place.

Financial Performance

- Approve the annual budget and targets, annual financials and interim results and monitor financial performance.
- Ensure financial results are reported fairly and in accordance with general accounting principles and IFRS.
- Recommend to shareholders the Annual Report / financial statements released by Management and ensure that any reports issued by the Company, including the financial statements, present a 'true and fair' view of its position and performance.

Compliance

- Ensure the Company operates at all times within applicable laws and regulations, including an effective Code of Conduct and Anti Money Laundering and Countering Financing of Terrorism policies.
- Ensure that the Company's policies and procedures manuals comply with all government and regulatory requirements covering all operations.

Communications

- The Board should ensure that there is an agreed communications strategy and procedure including agreement about appropriate channels and spokespersons.
- Develop and implement an investor relations programme or shareholder communications process for the Company.

Risks

- Approve the risk parameters / policies and the Company's risk appetite.
- Ensure principal risks are identified and Management has implemented appropriate systems to manage these risks.
- Ensure that the systems and controls framework, including the Board structure and organizational structure of the Company is appropriate for the Company's business and associated risks.

Internal Controls

- Assess the adequacy of the systems of risk management, internal control, control environment and legal compliance.

Delegation of Authority

- Approve the delegation of responsibilities and authorities to Board Committees and to Executive Management; and reserve certain powers for the Board.

External Auditors

- Recommend the appointment of the external auditors (and the remuneration payable); to the shareholders and seek their no objection.

Reporting to Shareholders

- Report annually to the Shareholders on the Board's stewardship for the preceding year.

Litigation

- Monitor litigation that may have a material impact on the Company.

Appropriation of Profit

- Recommend to shareholders on appropriation of profit, payment of dividend, allocation to reserve account, donations and remuneration to Directors.

Succession Planning

- Determination of a succession plan for CE and Executive Management.

Listing Requirements

- Oversee the obligations in respect of the listing requirements, including but not limited to issues relating to disclosure, dissemination of price sensitive information and other communication, and the prevention of market abuse and insider trading;

Principal Responsibilities of the Chairman:

The Chairman is responsible for the overall leadership and efficient functioning of the Board of Directors. The Chairman of the Board shall have the following duties:

- Maintain a role in recommending the skills and experience that the Board should contain and exhibit , for its effective operation;
- Encourage active engagement and participation by all members of the Board;
- Ensure that new Directors participate in a full, formal and tailored induction program;
- Identify the development needs of the Board as a whole to enhance its overall effectiveness as a team;
- Promote the highest standards of corporate governance;
- Ensure the long-term sustainability of the Company ;
- Ensure the continual improvement in quality and caliber of the Executive Management;

- Establish a close relationship of trust with the Chief Executive and the Executive Management, provide support and advice while respecting their executive responsibility;
- Meet regularly with the Chief Executive to discuss issues of importance and to ensure the effective alignment of goals of Executive Management with that of the Board;
- Provide coherent leadership to the Company including, in conjunction with the Chief Executive, representing CDL with customers, suppliers, governments, financial institutions, the media, the community and the public;
- Set the Board's agenda;
- Ensure that Directors receive accurate, timely and clear information to enable the Board to take sound decisions, monitor effectively and provide advise to promote the success of CDL;
- Ensure clear structure for the effective running of the Board Committees.

Principal Responsibilities of the Chief Executive:

The Chief Executive is responsible for the day-to-day management, operations and administration of the Company. The Chief Executive shall have the following duties:

- Implement, manage and administer corporate business strategy with the aim of executing the business plans and budgets of the Company;
- Manage the overall human resources and skills/competencies pool to ensure the effective and efficient running of the Company;
- Represent CDL with customers, suppliers, governments, financial institutions, the media, the community and the public;
- Formulate and recommend strategic objectives and plan of action for continuously enhancing shareholders' value to Board of Directors;
- Ensure adherence to policies and procedures, applicable regulations and laws, and monitoring exceptions and serious deviations;
- Manage the Assets and Liabilities of the Company in accordance to Board policy and regulatory requirements;
- Manage the risk portfolio of the Company.