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## 1. Overview of the Corporate Governance Manual

This Corporate Governance Manual sets out top-level guidelines for Corporate Governance within Credit Direct Limited (the Company). It incorporates the Corporate Governance principles of the Company and provides the Company with appropriate guidance to ensure that its actions and activities with respect to Corporate Governance are consistent with the need to meet competitive challenges and regulatory requirements.

In developing the respective policies, the following governance codes were considered:

- Central Bank of Nigeria Revised Guidelines for Finance Companies in Nigeria (April 2014)
- Central Bank of Nigeria Guidelines for Licensed Banks (July 2010)
- Central Bank of Nigeria Code of Corporate Governance for Banks and Discount Houses in Nigeria.
- Central Bank of Nigeria Revised Assessment Criteria for Approved Persons' Regime for Financial Institutions (October 2015)
- Companies and Allied Matters Act 1990 (Cap C20, Laws of the Federation of Nigeria 2004)

## 2. Corporate Governance Framework

The Company shall remain committed to institutionalizing the best Corporate Governance principles as part of its corporate structure by ensuring a responsible, value-driven management and control through the sound system of Corporate Governance, which is based on three key elements:

- good relationship with Shareholders,
- a system of performance-related compensation, and
- transparent and timely reporting.

The Company shall regularly check its Corporate Governance in the light of new events, statutory requirements, and developments in domestic and international standards, and makes the appropriate adjustments.

### 3. Roles and Responsibilities of the Board

The Board has a primary responsibility to drive the Company towards achieving its corporate objectives in line with the regulatory Codes of Corporate Governance, Company's Articles of Association as well as the Companies and Allied Matters Act. The Board shall be led by a Non-Executive Chairman and other qualified persons of proven integrity knowledgeable in business and financial matters in accordance with the Central Bank of Nigeria Revised Assessment Criteria for Approved Persons' Regime for Financial Institutions. The positions of the Board Chairman and the Managing Director shall be separate and no two persons shall combine the two positions at the same time.

The Board shall consist of Executive and Non-executive Directors and the number of Non-Executive Directors shall be more than that of the Executive Directors. The Board shall have a minimum of one and a maximum of two Independent Directors in line with the Central Bank of Nigeria (CBN) Revised Guidelines for Finance Companies in Nigeria.

The Board shall be responsible for:

- Reviewing alignment of goals, major plans of action, annual budgets and business plans with overall strategy, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditure in line with approved budget.
- Ensuring the integrity of the Company's accounting and financial reporting systems (including the independent audit) and that appropriate systems are in place for monitoring risk, financial control and compliance with the law.
- Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- Interfacing with the management of the Company to ensure harmony in implementing strategy.
- Performing all statutory roles as required by law.

- Through the establishment of Board Committees, making recommendations and taking decisions on behalf of the Board on issues of expenditure that may arise outside the normal meeting schedule of the Board.
- Ratifying the recommendations and decisions of the Board Committees.

#### 4. Directors

##### 4.1. Who is a Director

According to Section 244 of Companies and Allied Matters Act (CAMA) a Director is defined as follows:

“Directors of a company registered under this Act are persons duly appointed by the company to direct and manage the business of the company.”

##### 4.2. Directors Selection and Appointment Process

The Board of the Company shall establish a formal and transparent process for the selection and appointment of Directors to the Board. The Board shall by itself or through the Human Capital & Governance Committee shall be responsible for the selection of candidates for appointment to the Board.

The process for appointing a Director shall be in accordance to the provisions of Section 6.3 of the CBN Circular on Approved Persons’ Regime for Financial Institutions on fitness requirements for Finance Companies and also include the following:

- A careful analysis of the existing Board’s strengths and weaknesses, its skills, experience gaps and diversity considering the company’s current business priorities and future plans;
- Identification and short-listing of candidates with the appropriate expertise and experience;
- Conducting formal and informal background checks on candidates to ensure they are fit and proper persons to sit on the Board of the company;
- Discussing formally with prospective candidates concerning the Board’s expectations and the nominee’s ability to make the necessary commitment; and
- External consultants may be engaged as appropriate to obtain an independent view and input into the appointment process.

- Once the nomination is approved by the Board, the Company Secretary shall notify the CBN in writing, seeking approval to the appointment in line with the CBN Revised Assessment Criteria for Approved Persons' Regime for Financial Institutions.
- Upon approval by the CBN, the appointment and approval shall be communicated to the new Director in writing.

#### 4.3. **Structure of the Board**

The Board shall have a minimum of five (5) and maximum of nine (9) Directors, with more than fifty percent (50%) of the Board of Directors comprising of Non- Executive Directors. Also, the Board shall have a minimum of one (1) and a maximum of two (2) Independent Directors.

#### 4.4. **Tenure of Directors**

The tenure of Directors shall be in accordance with the provision of Section 4 of the CBN Prudential Guidelines for Licensed Banks (2010) in line with Section 9 of the Revised Guidelines for Finance Companies in Nigeria. Thus, to ensure both continuity and injection of fresh ideas, Non-Executive Directors shall not remain on the Board of the Company continuously for more than three (3) terms of four (4) years each i.e. twelve (12) years.

The tenure of an Executive Director shall be in accordance with the guidelines contained in the CBN Revised Guidelines for Finance Companies in Nigeria and has contained in the Contract of Employment agreed with the Executive Directors. However, an Independent Director shall serve a maximum tenure of two (2) terms of four (4) years each.

#### 4.5. **Induction and Training for Directors**

Induction for new Board members is essential to provide important information about the Company, Directors' roles and responsibilities and to help the new Directors settle in smoothly to their new roles. The Board shall ensure that the induction program is implemented to ensure new Board members are adequately acquainted with the Board's purpose, responsibilities, practices, strategy and operations.

New Board members shall receive an induction programme aimed at deepening their understanding of the Company, the environment and markets in which it operates. The programme shall include discussions with the Executive Management, provision of reading materials and workshops which should include details on the Directors' rights, duties and responsibilities, the Company's strategic plans, its significant financial, accounting and risk

management issues, its compliance programmes, code of conduct, management structure, etc.

The orientation and induction program for new board members shall be coordinated by the Company Secretary and in conjunction with Human Resources where the newly appointed Board member is an Executive Director. Each member shall receive relevant governance documents and regulatory code of corporate governance.

Additional training sessions will be provided to Directors on a continuous basis to enable them gain a broader understanding and knowledge of the Company and the regulatory and competitive environment in which it operates. The Company will encourage and support informal training programs for Directors such as subscription to industry journal to build relevant skills or interactive sessions at Board meetings whereby an external facilitator or a specialist from the Company facilitates sessions in specific areas of interest.

Notwithstanding the Company's responsibilities, each Director has a personal responsibility to ensure that he or she remains current and up-to-date regarding the strategies and businesses of the Company as well as the industry and macroeconomic environment in which it operates.

#### **4.6. Removal of Directors**

The process for removing a Director of the Company shall be in accordance to Article 23 of the Company's Articles of Association as well as the provisions of Section 262 of the Companies and Allied Matters Act on removal of Directors. Article 23 of the Company's Articles of Association provides that "The first Directors of the Company shall be appointed in writing by the subscribers to the Memorandum of Association or a majority of them, who may appoint themselves or any one or more of themselves. The Company in General meeting may by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or an addition to the existing Directors and may by Extraordinary Resolution remove any Director from office, but so that the total number of Directors shall at all times be within the limits fixed or in accordance with these presents."

#### **4.7. Other Appointments/External Directorship**

Where a Director is also a Director, officer or holds substantial shares or securities in another company outside the Company, such a Director shall be expected to disclose the nature of his or her direct and indirect interests in institutions, companies or partnerships on assumption of

duty. Each Director shall be expected to produce a signed list of names of companies in which he or she has interest as a Director or holder of substantial shares or securities. He or she is responsible for updating the Company Secretary where a change occurs during the financial year.

#### 4.8. Directors' Share Ownership

According to the CBN Code of Conduct for Banks in Nigeria, any equity holding of 5% or more by an investor is subject to CBN's prior approval. Hence, it is best practice for Directors not to hold over 5% of the Company's shares.

Any Director who is interested in the grant of an advance, loan or credit facility with the Company shall declare the nature of his interest at a meeting of the Board of Directors. A general notice given to the Board declaring the interest of a Director to the effect that he is a member of another company seeking an advance, loan or credit facility shall be regarded as a declaration of his interest and shall be deemed to be sufficient declaration of interest.

However, where the interest of the said Director consists only of being a person holding less than 5% of the shares of the other company seeking an advance, loan or credit facility from the Company, such Director's interest may be regarded as immaterial.

#### 4.9. Board Effectiveness Review: Evaluation of Directors

Board and Directors' review/ appraisal shall be carried out annually. It shall cover all aspects of the Board's structure and composition, responsibilities, processes and relationships, as well as individual members' competencies and respective roles in the Board's performance. An external consultant shall be appointed to carry out the review.

### 5. Succession Planning

It is a great challenge to source and retain appropriate skill set for the Company. It is also difficult to have back up skill resources to cater for any eventuality that may arise, regarding personnel holding key Management positions. Management is also saddled with the task of motivating personnel with good skills, improving their skills in response to changing requirements of today's economy for the successful development of the organization.

In light of that, a policy on succession planning is in place to source and retain appropriate skills and resources. Succession Plan Policy contains Management's strategy for preparing for

planned or unplanned exit of Executives from the Company. The Human Capital & Governance Committee shall have the responsibilities of making recommendations to the Board for the implementation of the policy and its related procedure.

The procedure of succession plan for key Management positions is to:

- Identify skill set required now and in the immediate future for each role.
- Detail and record the required skill set.
- Identify skills available from within the Company as is or with training.
- Formulate skill set and make training plans to accommodate every skill set required.  
and
- Periodically review the process to meet changing needs.

Management shall ensure that any relevant appointee of key Management positions will make provisions for a shadow appointee who steps into their shoes in the event that they are on leave or in the event of an exit.

In addition, candidates will be expected to meet the following general guidelines:

- Complete an “Approved Persons Regime” questionnaire to be administered by the CBN;
- Provide a satisfactory status report from the last place of work.
- Satisfy the CBN that he/she is able to meet personal financial obligations/commitments on a continuous basis and demonstrate satisfactory discharge of fiduciary responsibilities; and
- Provide three reference letters from responsible persons in the country.

Key Management position as used in this manual means Managers and above.

## 6. Independence

### 6.1. Conflicts

Directors are expected to:

- avoid any action, position or interest that conflicts with the interest of the Company or can potentially give an appearance of conflict of interest.

- annually declare their financial interests in any contract or arrangement with any other company outside the Company, in which he or she is a Director, officer, servant or creditor of that company, or a holder of substantial shares (>5%) or other securities.
- advise the Chairman of any proposed Board appointment to other companies as soon as practicable.

## 6.2. Related Party Transactions

All related party transactions shall be subjected to proper scrutiny because such transactions can present potential or actual conflicts of interest and create the appearance that decisions are based on considerations other than the best interests of the Company and its stakeholders.

A "Related Party Transaction" is any transaction directly or indirectly involving any Related Party that would need to be disclosed in line with Corporate Governance dictates.

"Related Party" means any of the following:

- a Director (which term when used herein includes any Director nominee),
- an Executive Officer, a person known by the Company to be the beneficial owner of more than 5% of the Company's shareholding (a "5% stockholder"),
- a person known by the Company to be an immediate family member of any of the foregoing.

"Immediate family member" means a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such director, executive officer, nominee for Director or beneficial owner, and any person (other than a tenant or employee) sharing the household of such Director, Executive Officer, Nominee for Director or Beneficial owner.

## 7. Charter of Expectations

This Charter sets out role profiles for all the key positions on the Board. It also sets the expectations of the Board to each Director in his/her respective role on the Board. The Charter has established criteria for each role and prescribes high performance indicators against which performance is measured. Each Director's performance will be assessed against these expectations. The expectations are all crucial to the long-term success of the Company.

### 7.1. Responsibilities of the Chairman

The Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman will lead the Board to ensure its effectiveness in all aspects of its role, including setting its agenda to ensure that adequate time is available for substantive discussion on strategy, performance and key value issues.

The functions of the Chairman are summarized under the following headings:

#### **Board Leadership and Management**

- Provide leadership of the Board and manage the business of the Board through setting its agenda and taking full account of the issues and the concerns of Board members.
- Ensure that Board agendas are primarily focused on strategy, performance and key value creation issues.
- Ensure that members of the Board receive accurate, timely and high-quality supporting information, in particular about the company's performance.
- Effectively manage the Board, ensuring that the Board decision-making processes are effective.
- Build an effective and complementary Board, initiating change and regularly considering succession planning and Board composition, working with the Board Human Capital & Governance Committee.

#### **Board Induction, Evaluation and Development**

- Ensure that a properly constructed induction programme is provided for new Directors.
- Consider and address the development needs of individual Directors, and the Board as a whole, to maintain the necessary depth and breadth of knowledge and skills, and enhance the effectiveness of the Board as a team.
- Lead the Board in the ongoing monitoring, and annual evaluation, of the performance of the Chief Executive, and ensure that the entire Board is evaluated annually.
- Ensure that the performance of individual Board members, and of the Board as a whole, is evaluated at least once a year.

## Governance

- Promote the highest standards of corporate governance; always seeking compliance with the provisions of the CBN Code of Corporate Governance for Banks in Nigeria.
- Keep under review, with the Board, the general progress and long-term development of the Bank.
- Ensure that the Board is able to discharge its duties and comply with the requirements of regulatory bodies that affect the functioning and responsibilities of the Board.

## Relationship with Shareholders and other Stakeholders

- Ensure effective communication with shareholders and other stakeholders
- Ensure that members of the Board develop and maintain an understanding of the views of major investors and other key stakeholders.

### 7.1.1. Chairman – Charter of Expectations

In line with the CBN Code of Corporate Governance for Banks in Nigeria, the responsibilities of the Chairman should be clearly separated from that of the Chief Executive Officer such that no one individual/ related party has unfettered powers of decision making by occupying the two positions at the same time.

### 7.1.2. Role Requirements

- Time commitment - The Chairman is expected to commit to expend whatever time is necessary to fulfill his duties.
- Experience – the Chairman shall have experience on the Board of other major Banks or financial institutions. He shall also have relevant financial industry experience.
- Knowledge - The Chairman must have a good understanding and experience of the CBN Code of Corporate Governance, other relevant corporate governance codes, as well as knowledge pertaining to the operations of the Bank.

### 7.1.3. Key Competencies and Behaviours

In addition to the required competencies and behaviours of a Non-Executive Director, the Chairman must demonstrate the following:

- Provision of effective leadership to the Board - Ensures high quality Board composition with an appropriate balance of skills and experiences, sets the Board agenda, and supports individual members to enhance Board activities and discussions.
- Effective Chairmanship of meetings - Ensures the business of meetings is completed, whilst allowing appropriate discussion of individual items and also facilitates, encourages and expects informed as well as critical contribution from Directors in discussion and decision-taking.

### 7.2. Responsibilities of Independent Directors

The Independent Director shall:

- Provide support for the Chairman in delivering his objectives.
- Serve as a trusted intermediary for the Directors, when necessary.
- Be available to Shareholders if they have concerns regarding matters which contact through the normal channels of Chairman or Chief Executive has failed to resolve.
- Maintain contact as required with major Shareholders to understand their issues and concerns, including attending meetings where necessary with Shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major Shareholders.

#### 7.2.1. Independent Director – Charter of Expectations

- Time Commitment – the Independent Director will be required to commit sufficient time to carry out his functions in the Company.
- Experience – must have enough experience serving on the board of other major financial institutions.

#### 7.2.2. Key Competencies and Behaviours

- Trust/ Respect – must be able to command respect and trust from fellow Directors.

- Judgment – must have the ability to exhibit sound judgment, even when under pressure.
- Knowledge – must have understanding of relevant corporate governance codes and their relationship with the financial industry and the Company.

### 7.3. Responsibilities of Directors

All Directors shall:

- Provide entrepreneurial leadership of the Company, under prudent and effective controls which enable risks to be assessed and managed.
- Set the Company's values and standards and ensure that its obligations to its Shareholders and others are understood and met.
- Approve the Company's strategic aims, and ensure that required financial resources and manpower are in place for the Company to meet its objectives.
- Always act in good faith and honesty, and in the Company's best interest to promote the success of the Company.

### 7.4. Responsibilities of Executive Directors

In addition to the duties of Directors above, Executive Directors shall make and implement operational decisions and run the Company's business on a day-to-day basis.

#### 7.4.1. Executive Director - Charter of Expectations

- Time commitment – Executive Directors should attend all scheduled Board meetings and be well prepared for other ad-hoc Board meetings that may arise.
- Experience – Executive Directors should have the requisite education and experience to function in their roles.
- Knowledge – Executive Directors must have a good understanding and experience of key strategic issues that require their attention.
- Loyalty – Executive Directors should be able to take a shareholder value viewpoint notwithstanding personal responsibility.

#### 7.4.2. Key Competencies and Behaviours

- Effectively lead the Company towards the achievement of its strategic objectives.

- Use their financial and industry knowledge to assist the Board in deliberating on decisions that are in the Company's best interests.
- Implement strategic decisions taken by the Board.

#### 7.5. Responsibilities of Non-Executive Directors

- Support the Chairman and Executive Directors in instilling the appropriate culture, values and behaviours in the Boardroom and throughout the Company
- Demonstrate the financial literacy required for a proper understanding of the Company's activities and associated risks
- Compliment the skills and experience of the Executive Directors
- Determine the appropriate levels of remuneration for Executive Directors and have a prime role in succession planning.

##### 7.5.1. Non- Executive Director – Charter of Expectations

- Time commitment – all Non-Executive Directors shall devote sufficient time to discharge their responsibilities.
- Meetings – make adequate preparations in advance of all Board and Board Committee meetings, and attend all required meetings.
- Business awareness – Directors must have a good understanding and experience of the financial industry in order to contribute effectively.
- Conflict of interest – avoid all conflict of interest that may arise, and ensure that all conflict of interests are disclosed if they exist

##### 7.5.2. Key Competencies and Behaviours

- Effectively lead the Company towards the achievement of its strategic objectives.
  - Contribute to efforts that would make the Company perform to the highest levels of Shareholder expectations.
  - Demonstrate independence in judgment, always seeking the interest of the Company first.
  - Support Executives in their leadership of the business, while monitoring their conduct and performance.

## 8. Board Meetings

### 8.1. Frequency of Board Meetings

The Board shall meet at least once every quarter; however extraordinary meetings may be convened. Directors are expected to prepare adequately, attend and participate in Board and Board Committee meetings. Ad-hoc meetings may also be held as required. Meetings shall be held at such time and venue as the Board deems appropriate.

### 8.2. Notice of Board Meetings

The Chairman shall call a meeting of the Board and the Company Secretary shall advise the date, time, venue for meetings at least fourteen (14) days prior to each meeting.

Notice may be given by mail, e-mail, personal delivery or facsimile to the usual place of business or residence of the Director or any other address given to the Company Secretary by the Director.

### 8.3. Minutes of Meetings

The Company Secretary shall keep minutes of all Board meetings. The Minutes shall be included in the papers to be circulated for the next meeting of the Board, together with a schedule of action points from the previous meeting for discussion at the next meeting of the Board. Adopted Minutes of meeting shall be executed by the Company Secretary and the Chairman of the meeting.

### 8.4. Quorum at Board Meetings

The quorum for a meeting shall be a simple majority.

## 9. Annual Strategy Session

The Board shall have an Annual Strategy Review Session which shall either be incorporated in any of the Board meetings for the year or by a separate session as may be decided by the Directors. The focus of the meeting will include the review of the Company's long-term strategic plans and determination of its strategic priorities. All Directors are expected to attend such strategy meeting.

## 10. Annual General Meeting

All Directors are expected to attend the Annual General Meeting and to make themselves available during and after the meeting to answer questions from Shareholders.

## 11. Charter of the Board

### 11.1. Introduction

This Board Charter provides guidelines on how business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The Board Charter sets out the specific responsibilities to be discharged by Board members collectively and by individual Directors.

### 11.2. Roles and Responsibilities of the Board

It is the duty of the Board to determine the Company's purpose and values as well as the strategy to achieve its purpose. It should also ensure that procedures and practices are in place to protect the Company's assets and reputation. The Board is explicitly responsible for the stewardship of the Company. In discharging its obligations the Board should assume responsibility for the following:

#### 11.2.1. Strategy and Planning

- Approve the Company's strategy and financial objectives and monitor the implementation of those strategies and objectives.
- Approve and monitor any changes to the Company's corporate structure; such as investments and strategic commitments that may have a material effect on the assets, profits or operations of the Company.
- Review and approve proposals for the allocation of capital and other resources.
- Review and approve the Company's capital and liquidity positions.
- Approve any significant changes in the organisational structure of the Company.
- Approve the dividend policy and propose dividend to be approved by the Shareholders at the Annual General Meeting.
- Decide and approve the expenditure authorisation, investment and credit lending limits to be delegated to Board Committees, Executive and Senior Management.

**11.2.2. Executive Management and Succession Planning**

- Review and approve the appointment, retention and removal of the Managing Director (MD) and other Executive Directors in the Company.
- Review on a regular and continuing basis, the succession planning for the Board and Senior Management staff.
- Approve the criteria for assessing the performance of the MD and the Executive Directors as appropriate.
- Monitor and evaluate the performance of the MD against agreed key performance objectives.
- Approve the Company's performance based compensation policy.

**11.2.3. Risk Management**

- Approve the Company's risk management strategies.
- Oversee the establishment, implementation and monitoring of an enterprise-wide risk management framework to identify, assess and manage the different forms of risks to which the Company is exposed.

**11.2.4. Corporate Governance**

- Review and approve the assessment and recommendations of the Human Capital & Governance Committee in relation to the following board nomination matters:
  - i. The appropriate size and composition of the Board noting right mix of skill, knowledge and experience;
  - ii. Procedure and criteria for selecting new Directors to the Board;
  - iii. Removal of Directors; and
  - iv. Board succession planning
- Consider the recommendations of the independent consultants on the annual review/appraisal of the performance of the Board through the appropriate Board Committee and ensure that adequate corporate governance disclosures are made in the annual report.

- Review and approve changes in the charter of the Board and Board Committees.
- Promote and protect the interest of the Company's relevant stakeholders.

#### 11.2.5. Audit and Compliance

- Maintain a sound system of internal controls to safeguard shareholders' investment and the assets of the Company.
- Establish and maintain appropriate accounting policies.
- Initially appoint and recommend the Auditor's appointment for approval by Shareholders in the Annual General Meeting.
- Ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Company's own governing documents.
- Review significant audit and compliance issues and approve action and remediation plans.
- Ensure adequacy of statutory reporting to regulatory bodies.

#### 11.3. Responsibility of Individual Director

- 11.3.1. Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors.
- 11.3.2. Directors should have oversight of the business and affairs of the Company, including:
  - Strategies and financial objectives
  - Approving major initiatives and capital expenditure; and
  - Risk management performance monitoring
- 11.3.3. Directors should devote time and attention necessary to properly discharge their duties and responsibilities.
- 11.3.4. Directors should prepare for, attend and actively participate in Board and Committee meetings.

- 11.3.5. Directors should act judiciously at all times and before deciding on any matter brought before the Board. Directors should evaluate the issues, ask questions and seek clarification as appropriate.
- 11.3.6. Directors should ensure the continuing soundness, effectiveness and adequacy of the Company's control environment.

#### 11.4. Composition

- 11.4.1. The Board shall comprise Directors with a broad range of expertise, skills and experience from diverse range of backgrounds. The Board shall comprise a minimum of five (5) and maximum of nine (9) Directors, with more than fifty percent (50%) of the Board of Directors in accordance to the provisions of Section 6.3 of the CBN Circular on Approved Persons' Regime for Financial Institutions on fitness requirements for Finance Companies.
- 11.4.2. The Human Capital & Governance Committee shall assist the Board in identifying appropriate skills and competencies required for the Board as a whole and the Board's individual members in order to fulfil its goals and responsibilities to Shareholders and other key stakeholders.

#### 11.5. Appointment and Re-election of Directors

The Board shall ensure a formal and transparent process for the appointment of Directors to the Board. Appointments to the Board should be a matter for the Board as a whole.

#### 11.6. Delegation of Authority

The Board has the authority to establish and carry out its duties through Committees, by appointment of Directors to be members of these Committees. The Board assesses the matters to be delegated to Committees of the Board. The Board may appoint standing Committees of the Board and any Ad Hoc Committees, which will assist in discharging its responsibilities. The Board may rely on information provided by the Committee and its members in relation to matters within the Committee's responsibility under the terms of reference provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

The Board delegates to the MD the authority and power to manage the day to day business affairs of the company, subject to such specific delegations and limits that the Board makes from time to time. The MD has authority to sub-delegate such authority and power to such members of the Executive Management team as he/she shall determine from time to time.

#### **11.7. Board Chairman's Eligibility and Responsibility**

The Board will appoint from among their Non-Executive members, a Chairman who will preside at meetings. The Chairman and the Chief Executive Officer are to be in regular communications during the course of the year, with respect to the Company's business and responsibilities of the Board. However, there will be a separation between the role of the Chairman and the MD. The Chairman shall not act as the Chairman of any of the Board Committees. The principal responsibilities of the Chairman of the Board shall be to oversee, manage and assist the Board in fulfilling its duties and responsibilities as a Board in an effective manner independently of Management. The Chairman shall also:

- Chair Board meetings and annual and special meetings of Shareholders;
- Organize an appropriate annual work plan and regularly scheduled meetings for the Board;
- Participate in the preparation of the agenda for each Board meeting;
- Monitor the work of the Committees of the Board and may attend meetings of the Board Committees as a non-voting participant;
- Arrange for an appropriate information package to be provided on a timely basis to each Director in advance of the meeting; and
- Provide appropriate guidance to individual Board members in discharging their duties.

#### **11.8. Period of Membership**

The tenure of Directors shall be in accordance with the provision of Section 4 of the CBN Prudential Guidelines for Licensed Banks (2010) in line with Section 9 of the Revised Guidelines for Finance Companies in Nigeria. Thus, to ensure both continuity and injection of fresh ideas, Non-Executive Directors shall not remain on the Board of the Company continuously for more than three (3) terms of four (4) years each i.e. twelve (12) years.

The tenure of an Executive Director shall be in accordance with the guidelines contained in the CBN Revised Guidelines for Finance Companies in Nigeria and has contained in the Contract of Employment agreed with the Executive Directors. However, an Independent Director shall serve a maximum tenure of two (2) terms of four (4) years each.

#### 11.9. **Secretary**

The Company Secretary shall act as Secretary to the Board and attend all meetings. She may however, appoint suitable persons to act as Secretary of any of the Board Committees. The Secretary to the Committee shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of issues.

#### 11.10. **Remuneration**

The Board shall ensure a formal and transparent procedure for fixing the remuneration packages of individual Board members. The Non-Executive members of the Committee shall be entitled to sitting allowance, as well as reimbursable travel and hotel expenses. Additionally, members will be reimbursed for any expenses incurred in the course of carrying out their duties as Directors in the Company. The level and make-up of Director Remuneration should be sufficient to attract and retain the right caliber of members needed to run the Company successfully. The Board may review the remuneration of its Directors annually and no individual member of the Board will be involved in deciding his own remuneration.

#### 11.11. **Powers of Board Committees**

The Board shall reserve the right to make final approval on all major discussions of the Board Committees.

#### 11.12. **Board meetings**

##### 11.12.1. **Chairmanship at Board and General Meetings**

The Chairman shall preside at all meetings of the Board and General Meetings of the company. Where the Chairman is unavoidably absent from a Board or General

meeting of the Company, members of the board shall appoint someone from among the Non- Executive Directors present, to preside over the meeting and such person shall act as Chairman for the purpose of that meeting only.

#### 11.12.2. **Frequency of Meetings**

The Board shall meet at least once every quarter or as business exigencies may require. Directors are expected to prepare adequately, attend and participate in Board and Board Committee meetings. Ad-hoc meetings may also be held as required. Meetings shall be held at such time and at such venue as the Board deems appropriate.

#### 11.12.3. **Notice of Meetings**

Notice of meetings, agenda and Board papers shall be provided by the Company Secretary at least two (2) weeks prior to the meeting; but lack of notice shall not invalidate the procedures of any meeting at which a quorum was formed.

Notice may be given by e- mail, notification on the board pack software, letter, personal delivery or facsimile to the usual place of business or residence of the Director or any other address given to the Company Secretary by the Director.

#### 11.12.4. **Quorum at Meetings**

The quorum for Board meetings shall be simple majority of the members. Where a quorum is not met, the Directors present shall decide on whether or not to proceed with the meeting and lack of quorum shall not invalidate the decisions reached at such board meeting.

#### 11.12.5. **Minutes of Meetings**

The Company Secretary shall keep minutes of all Board meetings. The Minutes shall be included in the papers to be circulated for the next meeting of the Board, together with a schedule of action points from the previous meeting for discussion at the next meeting of the Board. Adopted Minutes of meeting shall be executed by the Company Secretary and a Director present at the meeting. Minutes, agenda and supporting papers will be made available to any Director upon request to the Secretary, providing no conflict of interest exists.

### 11.13. Training and Continuous Education

The Company shall ensure that an induction program is conducted for new members of the Board and ongoing training for existing members, as may be required from time to time. The Board shall have access to sufficient resources necessary to carry out its duties, including access to the Company Secretary.

### 11.14. Conflict of Interest

Directors are expected to avoid any action, position or interest that conflicts with the interest of the Company, or gives the appearance of a conflict.

### 11.15. Litigation

Litigation amongst Board members or between individual Board members and any of the Regulators is hereby proscribed. Directors are to ensure that there are no actual or threatening matters between the members of the Board which could result in litigation proceedings. Where any such threatening matter arises, the Board shall be notified in writing through the Human Capital & Governance Committee. The Board shall through the Human Capital & Governance Committee look into the matter, take a decision and subsequently advise the concerned Directors.

### 11.16. Board Committees

The Board has the authority to establish and carry out its duties through Committees, by appointment of Directors to be members of these Committees. The Board assesses the matters to be delegated to Committees of the Board. The Board may appoint standing Committees of the Board and any ad hoc Committees, which will assist it in discharging its responsibilities.

Each Committee shall have its own Board-approved Charter that sets forth the principles, policies, objectives and responsibilities of the Committees in addition to the qualifications for committee membership, procedures for committee member nomination and removal, committee organization and functioning and how the committee will meet to review its performance. Membership of the Board Committees shall be rotational on a periodic basis as contained in the Committee's Terms of Reference. The Board, with the assistance of

the Human Capital & Governance Committee shall from time to time review the effectiveness of each Committee. The Board shall have such standing Committees as the Board deems fit including but not limited to:

- Human Capital & Governance Committee;
- Risk, Audit and Compliance Committee; and
- Finance and General Purpose Committee
- Innovation and Information Technology Committee

#### 11.17. **Board performance Appraisal/Evaluation of Directors**

There shall be an annual Board and Director's Peer appraisal, covering the Board's structure, composition, responsibilities, processes and relationships in the Board's performance. This assessment shall be made in relation to the Board's contribution as a whole. This review would be carried out by an external independent consultant and the report is to be presented at the Annual General Meeting and a copy sent to the Central Bank of Nigeria (CBN). The Chairman shall ensure that the board evaluation process is complied with at all times.

#### 11.18. **Authority and Accountability**

The role, function and power of the Board, its members and Committees are determined by law, the Company's Articles of Association and the Company's policies. The Board has the power to make any decision in respect of the Company which has not been specifically reserved for decision-making by the Shareholders. This power includes the power to exercise the rights as direct or indirect Shareholders of the Company. The Board also has the authority to remove members and fill vacancies.

#### 11.19. **Critical Board Policies and Processes**

The following are critical Board policies and processes:

- Selection and appointment of Directors.
- Determination of Directors remuneration.
- Assessment of performance of the Chief Executive.
- Authorization of the Company's policies and procedures, (and approval of changes)
- Strategy development and monitoring.
- Approval of the Annual Report and Accounts.

- Decision to appoint or remove Auditors.
- Authorization of the allotment of shares.
- Authorization of major changes affecting the capital structure of the Company.
- Ensuring maintenance of a sound system of internal control and risk management.
- Provision of leadership and oversight to Board Committees.
- Establishment of any standing sub-Committee of the Board.

#### 11.20. Items reserved for the Board

To ensure effective control of the Company, the Board has a number of items reserved for its sole discussion and approval. These are:

##### 11.20.1. Strategy and Management

- Overall management of the Company, including any decision to cease to operate all or any material part of the business.
- Approval of the Company's long term objectives and commercial strategy.
- Authorization of changes relating to the Company's capital structure including reduction of capital, share issues and share buybacks.
- Oversight of operations.
- Approval of all Board-mandated policies, including Corporate Governance as well as Corporate Vision, Values and Principles.
- Approval of major changes to the Bank's corporate structure, or changes to the management and control structure.

##### 11.20.2. Corporate Governance

- Establishing committees of the Board, their Terms of Reference and, where appropriate, ratifying their decisions.
- Reviewing its own performance and that of its Committees and individual Directors (in conjunction with the Human Capital & Governance Committee) and ensuring that any necessary corrective action is taken.
- Ensuring maintenance of a sound system of internal control and risk management arrangements throughout the Company.
- Approval of the Company's new Policies, Procedures and Codes, and major revisions as necessary, including the Company's Code of Conduct.

- Approval, on its recommendation, of any item which falls outside the authority delegated to the Executive Committee or other Committees.
- Ensuring division of responsibilities between Chairman, Chief Executive and other Directors.

#### 11.20.3. Finance

- Approval of the Company's finance policy, and any material change in the Company's accounting policies and practices.
- Decision to appoint or remove auditors (on recommendation of the Risk, Audit & Compliance Committee.)
- Approval of the Company's strategic plan and annual budget.
- Approval of major capital projects.

#### 11.20.4. Directors and Employee Issues

- Changes to the structure, size and composition of the Board (following recommendations from the Human Capital & Governance Committee.)
- Ensuring adequate succession planning for the Board and senior management.
- Determining responsibilities of the Chairman, Independent Directors, Committee Chairmen, the Chief Executive and other Executive Directors.
- Appointing or removal of Directors.
- Determination of remuneration policy for Directors, Company Secretary and Senior Executives.
- Determination of the remuneration of Non-Executive Directors, subject to shareholder approval.
- Formal review of Board, Directors and Committee performance.
- Determining the independence of Directors.
- Considering the balance of interest between shareholders, employees, customers and the community.

#### 11.20.5. Financial Reporting

- Approval of the Company's annual report and accounts, half year accounts, interim statements and preliminary announcements.
- Approval of full and half-year results announcements and interim management statements to stock exchanges on which the Company's shares are listed.
- Approval of dividend policy, declaration of the interim and recommendation of the final dividend.
- Approval of significant treasury policies.
- Making or responding to any take-over bid or mergers and acquisitions.
- Approval of any prospectus, listing particulars or other document requiring to be filed with regulatory agencies.

#### 11.20.6. Shareholders

- Calling any General Meeting of the Company's shareholders; and approval of documents sent to shareholders.
- Approval of share incentive policy (subject to shareholder approval.)

#### 11.20.7. Structure and Capital

- Changes to capital structure.
- Changes to legal structure, tax residence or listing.
- Changes to corporate, management or control structure.

#### 11.20.8. Communication

- Approval of resolutions and associated documents to be sent to shareholders.
- Approval of circulars, prospectuses, etc.
- Approval of press releases concerning matters dealt with by the Board.

#### 11.20.9. Others

Any other matter of strategic or reputational importance likely to have a significant impact on the Company.

#### 11.21. Other Issues

The Board may rely on information provided by the Committee and its members in relation to matters within the Committee's responsibility under the terms of this Charter provided that it has evaluated the information and is not aware of any reasonable basis upon which to question its accuracy.

## 12. Board Committees, Membership and Terms of Reference

### 12.1 Human Capital & Governance Committee

#### 12.1.1 Introduction

This charter governs the operations of the Company's Human Capital & Governance Committee. The Committee is a committee of the Board of Directors of the Company.

#### 12.1.2 Functions

Its functions include but are not limited to the following:

- **Nominating new Directors to the Board** - Review and continuously assess the size and composition of the Board and Board Committees, and recommend the appropriate Board structure, size, age, skills, competencies, composition, knowledge, experience and background in line with the Company's needs and diversity required to fully discharge the Board's duties.
- **Director selection** - Guide the Board of Directors to set criteria for selection and appointment of Directors to the Board and Committees.
- **Remuneration policy** - Set the over-arching principles and parameters of remuneration policy in the Company as well as ensure the existence of an appropriate remuneration policy and philosophy for Executive Directors, Non-Executive Directors and staff.
- **Human Resources** - Review and make recommendations on the Company's key human capital policies on recruitment, promotion, compensation as well as salary revisions and condition of service for Senior Management staff based on the recommendation of the Executives.

- **Corporate Governance** - Review and make recommendations for improvement to the Company's Corporate Governance framework while ensuring that adequate Corporate Governance disclosures are made in the Annual Report and to relevant regulatory authorities.
- **Performance Management** – Oversee Board performance and evaluation by ensuring an annual review or appraisal of the Board as well as peer assessment review of Directors.
- **Succession planning and strategy** – Review and make recommendations on succession planning for top Executives of the Company in line with challenges and opportunities for the Company, skills and expertise required of the positions in future as well as changes in the long-term goals and objectives of the Company.
- Other ancillary duties as may be assigned by the Board from time to time.

#### 12.1.3 **Composition**

- The Committee shall be made up of only Non-Executive Directors, one of whom must be an Independent Non-Executive Director. Executive Directors shall be in attendance only as may be required from time to time. The Board shall have the authority to appoint and remove a member from the Committee as it deems fit.
- At least one (1) member must possess reasonable knowledge and experience in the financial and investment services industry.
- The Committee shall exercise the discretion to invite to its meetings any executive or staff within the FCMB Group.
- The Heads, Control, Compliance & Governance, Risk & Operations as well as Sales shall be in attendance only as may be required from time to time.
- The Head, Human Resources & Admin shall act as Secretary to the Committee. The Secretary shall provide notice of meeting, agenda and

Committee papers prior to the meeting; but lack of notice shall not invalidate the procedures of any meeting at which a quorum was formed.

#### 12.1.4 **Chairman Eligibility, Terms of Appointment**

The Chairman of the Committee shall be a Non-Executive Director. In the absence of the Chairman of the Committee, the members of the Committee present at the meeting shall have the authority to choose one of their members to be Chairman for that particular meeting.

#### 12.1.5 **Remuneration**

The Non-Executive members of the Committee shall be entitled to sitting allowance, as well as reimbursable travel and hotel expenses.

#### 12.1.6 **Restrictions on the Powers of the Committee**

The Board shall reserve the right to make final approval on all major decisions of the Committee.

#### 12.1.7 **Frequency of Meetings**

The Committee shall meet at least once every quarter, or more frequently as may be required by business exigencies. Ad-hoc meetings may also be held as required.

#### 12.1.8 **Quorum at Meetings**

The quorum for a meeting shall be a simple majority.

#### 12.1.9 **Minutes of Meetings**

The Secretary shall keep minutes of the Committee meetings. The Minutes shall be included in the papers to be circulated for the next meeting of the Committee, together with a schedule of action points, if any, from the previous meeting for discussion at the next meeting of the Committee. Adopted Minutes of meeting shall be executed by the Secretary and the Chairman of the meeting.

#### 12.1.10 **Independent Advice**

The Committee shall have the power, to obtain advice and assistance from, and to retain at the Company's expense, subject to approval from the Chairman of the Board, such independent professional advisors and experts as it determines necessary or appropriate to carry out its duties.

The Committee shall have the authority to retain, replace, and approve fees and other retention terms, for any consultant or advisors that it shall deem necessary to assist it in fulfilling its duties. This authority shall be subject to the Board Chairman's approval.

#### **12.1.11 Reporting and Accountability**

The Chairman of the Committee will report to the Board as soon as practicable after each meeting of the Committee on all matters that should be brought to the attention of the Board. Any recommendations requiring Board approval and /or action and the report of the Committee meeting will be presented to the Board.

#### **12.1.12 Review of Charter**

The Charter shall be subject to review from time to time as business exigencies require but not later than four (4) years after the date of the last review. The Committee may make recommendations to the Board in relation to the required changes.

### **12.2 Risk, Audit and Compliance Committee**

#### **12.2.1 Introduction**

This charter governs the operations of the Company's Risk, Audit and Compliance Committee. The Committee is a committee of the Board of Directors of the Company.

#### **12.2.2 Functions**

Its functions include but are not limited to the following:

- Oversee Internal Control, Enterprise Risk Management, Internal Audit and Regulatory compliance.

- Ensure that the Company's Enterprise Risk Management vision, goals and objectives are in line with global best practice.
- Approve the Company's Risk Management framework for the various risk areas (operational, strategic, reputation, compliance risk management).
- Monitor the Company's risk profile against set targets.
- Approve and periodically review the Company's risk appetite and portfolio strategy.
- Ensure that appropriate risk management policies, processes and methodologies are in place for managing the various risks to which the Company may be exposed.
- Establish a management structure that is capable of implementing the Company's Risk Management framework and ensure that qualified and competent person(s) at senior levels are employed to manage the various risk areas.
- Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical principles.
- Review the scope and planning of the Company's audit requirements.
- Review the findings on management matters in conjunction with external auditors and responses thereon.
- Keep under review the effectiveness of the Company's system of accounting and internal control.
- Make recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors to the Company; and
- Other ancillary duties as may be assigned by the Board from time to time.

#### 12.2.3 **Composition**

- The Committee shall be made up of only Non-Executive Directors, one of whom must be an Independent Non-Executive Director. Executive Directors shall be in attendance only as may be required from time to time. The Board shall have the authority to appoint and remove a member from the Committee as it deems fit.
- At least one (1) member must possess reasonable knowledge and experience in the financial and investment services industry.

- The Committee shall exercise the discretion to invite to its meetings any executive or staff within the FCMB Group.
- The Heads, Control, Compliance & Governance, as well as Human Resources & Admin Sales shall be in attendance only as may be required from time to time.
- The Head, Risk & Operations shall act as Secretary to the Committee. The Secretary shall provide notice of meeting, agenda and Committee papers prior to the meeting; but lack of notice shall not invalidate the procedures of any meeting at which a quorum was formed.

#### 12.2.4 **Chairman Eligibility, Terms of Appointment**

The Chairman of the Committee shall be a Non-Executive Director. In the absence of the Chairman of the Committee, the members of the Committee present at the meeting shall have the authority to choose one of their members to be Chairman for that particular meeting.

#### 12.2.5 **Remuneration**

The Non-Executive members of the Committee shall be entitled to sitting allowance, as well as reimbursable travel and hotel expenses.

#### 12.2.6 **Restrictions on the Powers of the Committee**

The Board shall reserve the right to make final approval on all major decisions of the Committee.

#### 12.2.7 **Frequency of Meetings**

The Committee shall meet at least once every quarter, or more frequently as may be required by business exigencies. Ad-hoc meetings may also be held as required.

#### 12.2.8 **Quorum at Meetings**

The quorum for a meeting shall be a simple majority.

#### 12.2.9 **Minutes of Meetings**

The Secretary shall keep minutes of the Committee meetings. The Minutes shall be included in the papers to be circulated for the next meeting of the Committee, together with a schedule of action points, if any, from the previous meeting for discussion at the next meeting of the Committee. Adopted Minutes of meeting shall be executed by the Secretary and the Chairman of the meeting.

#### 12.2.10 **Independent Advice**

The Committee shall have the power, to obtain advice and assistance from, and to retain at the Company's expense, subject to approval from the Chairman of the Board, such independent professional advisors and experts as it determines necessary or appropriate to carry out its duties.

The Committee shall have the authority to retain, replace, and approve fees and other retention terms, for any consultant or advisors that it shall deem necessary to assist it in fulfilling its duties. This authority shall be subject to the Board Chairman's approval.

#### 12.2.11 **Reporting and Accountability**

The Chairman of the Committee will report to the Board as soon as practicable after each meeting of the Committee on all matters that should be brought to the attention of the Board. Any recommendations requiring Board approval and /or action and the report of the Committee meeting will be presented to the Board.

#### 12.2.12 **Review of Charter**

The Charter shall be subject to review from time to time as business exigencies require but not later than four (4) years after the date of the last review. The Committee may make recommendations to the Board in relation to the required changes.

### 12.3 **Finance and General Purpose Committee**

#### 12.3.1 **Introduction**

This charter governs the operations of the Company's Board Finance and General Purpose Committee. The Committee is a Committee of the Board of Directors of the Company.

#### 12.3.2 **Functions**

Its functions include but are not limited to the following:

- Review global budgets.
- Review the Company's strategies and financial objectives and monitor the implementation of those strategies and objectives.
- Review and approve proposals for the allocation of capital and other resources.
- Consider and approve major capital projects proposed by Management.
- Review extraordinary business initiatives of Management on behalf of the Board.
- Other ancillary duties as may be assigned by the Board from time to time.

#### 12.3.3 **Composition**

- The Committee shall comprise a maximum of five (5) members, two of whom must be Non-Executive Directors. The Board shall have the authority to appoint and remove a member from the Committee as it deems fit.
- At least one (1) member must possess reasonable knowledge and experience in the financial and investment services industry.
- The Committee shall exercise the discretion to invite to its meetings any executive or staff within the FCMB Group.
- The Heads, Control, Compliance & Governance, Risk & Operations as well as Sales shall be in attendance at the meetings.
- The Head, Human Resources & Admin shall act as Secretary to the Committee. The Secretary shall provide notice of meeting, agenda and Committee papers prior to the meeting; but lack of notice shall not invalidate the procedures of any meeting at which a quorum was formed.

#### 12.3.4 **Chairman Eligibility, Terms of Appointment**

The Chairman of the Committee shall be a Non-Executive Director. In the absence of the Chairman of the Committee, the members of the Committee present at the meeting shall have the authority to choose one of their members to be Chairman for that particular meeting.

#### 12.3.5 **Remuneration**

The Non-Executive members of the Committee shall be entitled to sitting allowance, as well as reimbursable travel and hotel expenses.

#### 12.3.6 **Restrictions on the Powers of the Committee**

The Board shall reserve the right to make final approval on all major decisions of the Committee.

#### 12.3.7 **Frequency of Meetings**

The Committee shall meet at least once every quarter, or more frequently as may be required by business exigencies. Ad-hoc meetings may also be held as required.

#### 12.3.8 **Quorum at Meetings**

The quorum for a meeting shall be a simple majority.

#### 12.3.9 **Minutes of Meetings**

The Secretary shall keep minutes of the Committee meetings. The Minutes shall be included in the papers to be circulated for the next meeting of the Committee, together with a schedule of action points, if any, from the previous meeting for discussion at the next meeting of the Committee. Adopted Minutes of meeting shall be executed by the Secretary and the Chairman of the meeting.

#### 12.3.10 **Independent Advice**

The Committee shall have the power, to obtain advice and assistance from, and to retain at the Company's expense, subject to approval from the Chairman of the Board, such independent professional advisors and experts as it determines necessary or appropriate to carry out its duties.

The Committee shall have the authority to retain, replace, and approve fees and other retention terms, for any consultant or advisors that it shall deem necessary to assist it in fulfilling its duties. This authority shall be subject to the Board Chairman's approval.

#### 12.3.11 **Reporting and Accountability**

The Chairman of the Committee will report to the Board as soon as practicable after each meeting of the Committee on all matters that should be brought to the attention of the Board. Any recommendations requiring Board approval and /or action and the report of the Committee meeting will be presented to the Board.

#### 12.3.12 **Review of Charter**

The Charter shall be subject to review from time to time as business exigencies require but not later than four (4) years after the date of the last review. The Committee may make recommendations to the Board in relation to the required changes.

### 12.4 **Innovation and Information Technology Committee**

#### 12.4.1 **Introduction**

This charter governs the operations of the Company's Innovation and Information Technology Committee. The Committee is a committee of the Board of Directors of the Company.

#### 12.4.2 **Functions**

Its functions include but are not limited to the following:

- Oversee and monitor execution of the company's strategic direction in relation to innovation, digital and information technology.
- Review and access the innovation, digital and information technology acquisition process to ensure business growth.
- Review and monitor the strategies for developing and implementing innovation and information technology.
- Measure and track the efficiency and effectiveness of the innovation and information technology systems.
- Critically consider and make recommendations on emerging risks and opportunities on innovation and information technology and
- Other ancillary duties as may be assigned by the Board from time to time.

#### 12.4.3 **Composition**

- The Committee shall comprise a minimum of three (3) members, one of whom must be a Non-Executive Director. The Board shall have the authority to appoint and remove a member from the Committee as it deems fit.
- At least one (1) member must possess reasonable knowledge and experience in innovation and information technology.
- The Committee shall exercise the discretion to invite to its meetings any executive or staff within the FCMB Group.
- The Head, Risk & Operations shall be in attendance at the meetings.
- The Lead, Information Technology shall act as Secretary to the Committee. The Secretary shall provide notice of meeting, agenda and Committee papers prior to the meeting; but lack of notice shall not invalidate the procedures of any meeting at which a quorum was formed.

#### 12.4.4 **Chairman Eligibility, Terms of Appointment**

The Chairman of the Committee shall be a Non-Executive Director. In the absence of the Chairman of the Committee, the members of the Committee present at the meeting shall have the authority to choose one of their members to be Chairman for that particular meeting.

#### 12.4.5 **Remuneration**

The Non-Executive members of the Committee shall be entitled to sitting allowance, as well as reimbursable travel and hotel expenses.

#### 12.4.6 **Restrictions on the Powers of the Committee**

The Board shall reserve the right to make final approval on all major decisions of the Committee.

#### 12.4.7 **Frequency of Meetings**

The Committee shall meet at least once every quarter, or more frequently as may be required by business exigencies. Ad-hoc meetings may also be held as required.

#### 12.4.8 **Quorum at Meetings**

The quorum for a meeting shall be a simple majority.

#### 12.4.9 **Minutes of Meetings**

The Secretary shall keep minutes of the Committee meetings. The Minutes shall be included in the papers to be circulated for the next meeting of the Committee, together with a schedule of action points, if any, from the previous meeting for discussion at the next meeting of the Committee. Adopted Minutes of meeting shall be executed by the Secretary and the Chairman of the meeting.

#### 12.4.10 **Independent Advice**

The Committee shall have the power, to obtain advice and assistance from, and to retain at the Company's expense, subject to approval from the Chairman of the Board, such independent professional advisors and experts as it determines necessary or appropriate to carry out its duties.

The Committee shall have the authority to retain, replace, and approve fees and other retention terms, for any consultant or advisors that it shall deem necessary to assist it in fulfilling its duties. This authority shall be subject to the Board Chairman's approval.

#### 12.4.11 Reporting and Accountability

The Chairman of the Committee will report to the Board as soon as practicable after each meeting of the Committee on all matters that should be brought to the attention of the Board. Any recommendations requiring Board approval and /or action and the report of the Committee meeting will be presented to the Board.

#### 12.4.12 Review of Charter

The Charter shall be subject to review from time to time as business exigencies require but not later than four (4) years after the date of the last review. The Committee may make recommendations to the Board in relation to the required changes.

### 13. The Company Secretary

All Directors shall have unrestricted access to the Company Secretary. The Board shall have ultimate responsibility for the appointment and removal of the Company Secretary. The Company Secretary has a key role in ensuring that Board procedures are followed and reviewed regularly, and should ensure that Board members are made aware and provided with guidance as to their duties, responsibilities and powers. The Company Secretary should guide and advise the Board on matters of ethics and good governance, as well as provide administrative support to the Board and Board Committees. The Company Secretary shall play an active role in the Directors' induction and continuous training.

### 14. Board Remuneration

The Board either by itself or through the Human Capital and Governance Committee has the responsibility to review and approve the remuneration of Directors. While performing this responsibility, the Board is to ensure that Non-Executive Directors' Remuneration is in line with the CBN Code of Corporate Governance. Thus, a formal and transparent procedure for fixing the remuneration packages of individual board member should be established from time to time. The Non-Executive members of the Board shall be entitled to sitting allowance, Directors' fee as well as reimbursable travel and hotel expenses in line with the CBN Code of

Corporate Governance. Additionally, members are entitled to be reimbursed for expenses incurred in the course of carrying out their duties as Directors of the company.

The Company does not grant share options as part of the remuneration to Directors. Where this is done, the limits shall be set in any given financial year and subject to the approval of the shareholders in General Meeting.

The level and make-up of Directors' Remuneration should be sufficient and competitive enough to attract and retain the right caliber of members needed to run the company successfully.

The procedure for fixing the remuneration packages of board members shall be as contained in the Company's Remuneration Policy.

#### **15. Dispute Resolution**

Board and management consist of people who vary in their ethnic, racial, economic and cultural backgrounds, world views, professional training, personal characteristics, as well as their work and thinking styles. Each individual brings assets and concerns that differ from the others, and help shape the character of the company. This diversity enriches the company; however, it raises the potential for misunderstandings, power struggles and conflict. Shared leadership easily generates conflict, especially when the Board is made up of diverse people with diverse expectations. The procedure for resolving disputes shall be as contained in the Company's Dispute Resolution Policy.

**COMPANY SECRETARY**

**CHAIRMAN**