



Fincorp

BOARD CHARTER



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1. INTRODUCTION

The Board of Directors Charter sets out the objectives, roles and responsibilities and composition of the Board. This Charter should be read in conjunction with the Company's Memorandum and Articles of Association and in case a dispute in content or meaning arises, the wording of the Memorandum and Articles of Association shall prevail.

This Charter is posted on the organisation's website.

2. OBJECTIVES

The objective of the Board is to define the Company's purpose, strategy and value and determine all matters relating to the directions, policies, practices, management and operations of the company.

3. COMPOSITION

- 3.1 The Board shall consist of not less than five or more than nine directors.
- 3.2 Board members should be qualified for their positions, have a clear understanding of their role and be able to exercise sound judgement about the affairs of the Company. Board composition is reviewed to ensure that directors between them bring the range of skills, knowledge and experience necessary to direct the Company going forward.
- 3.3 The Chairperson of the Board may be independent.
- 3.4 The Board shall comprise Directors from both genders as members of the Board with at least one male and one female director.

4. APPOINTMENT, EVALUATION AND REMUNERATION OF THE BOARD/COMMITTEE MEMBERS

- 4.1 The appointment process has been delegated to the Remuneration, Corporate Governance and Ethics Committee (RCGEC) of MCB Group Limited, its ultimate holding company, which recommends to the Board of the Company the members to be appointed.
- 4.2 The Board must have a formal and transparent policy in respect of directors' remuneration. Currently the same policies applicable to the ultimate holding Company, MCB Group Limited, are followed.
- 4.3 The effectiveness of the Board and the Committees as a whole shall be regularly reviewed and assessed as well as the performance of individual directors.

5. MEETINGS

- 5.1 The Board must determine the frequency of the Board meetings, which shall be at least once per quarter.
- 5.2 The quorum for Board Meetings shall be three directors when the Board shall consist of five or six directors and five when the Board shall consist of more than six directors.
- 5.3 Meetings are convened, wherever possible, so that directors are able to attend and participate in person. Where personal attendance by some or all directors is not possible, meetings are convened and conducted by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.
- 5.4 In case of absence of the Chairperson, another Chairperson shall be nominated by the other Directors by a majority of votes.

6. ROLE AND RESPONSIBILITIES

The Board is ultimately responsible and accountable for the affairs of the company. The delegation of authority to any committee does not discharge the responsibility of the Board in respect of the actions and decisions of the committee. The Board's primary responsibility is to protect the interests of the Company, and in so doing it should take guidance from the Board of its ultimate holding Company. It should however ensure that the guidance of the holding Company is not detrimental to the sound and prudent management of the Company, its financial health and the legal interests of its stakeholders in general.

6.1 Strategy

- 6.1.1 The Board shall establish the strategic objectives, policies and corporate values of the organisation.
- 6.1.2 The Board must retain full and effective control over the company and its capital resources.
- 6.1.3 The Board shall exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the company and its subsidiaries so as to achieve sustainable prosperity for the group.

6.2 Control and Risk

- 6.2.1 The Board is responsible for setting principal policies in respect of risk and conduct of business for the company.
- 6.2.2 The Board has the duty of ensuring that the company complies with all the relevant laws, regulations and codes of business practice.
- 6.2.3 The Board should on a reasonable basis satisfy itself that appropriate audit arrangements are in place and operating effectively.

6.3 Financials

The Board is responsible for:

- 6.3.1 Approval of the quarterly accounts ensuring that they have been prepared using the appropriate accounting policies and standards and fairly presents the state of affairs of the Company and any other information for disclosure to the market.
- 6.3.2 Approval of major capital expenditures, major contracts, acquisitions and divestments.
- 6.3.3 Declaration of dividends when appropriate and determining the amount of dividend to be declared.

6.4 Interests of Shareholders and Other Stakeholders

6.4.1 When carrying out its roles the Board should consider:

- the primary objective of the Company which is to continue to build sustainable value for shareholders.
- the expectations of shareholders, other stakeholders and the community, that directors will undertake their responsibilities with honesty, integrity, care and diligence, in accordance with the law and in a manner which reflects the highest standards of corporate governance.

6.4.2 The Board shall ensure that the company is governed in a transparent manner through accurate and timely information to the public, through its reports to the relevant authorities and in its annual report.

6.4.3 The Board shall encourage shareholders to attend all meetings of shareholders.

6.4.4 The Board shall ensure that each item of special business included in the notice of meeting of shareholders is accompanied by a full explanation of the justification and of the effects of the proposed resolution.

6.4.5 The Board shall ensure that a brief presentation of each director standing for election or re-election be made to the shareholders.

7. ROLE AND FUNCTION OF THE CHAIRPERSON

7.1 Election

The Chairperson is elected by his or her fellow directors and may be independent.

7.2 Duties

He/she should be a firm, objective and open-minded leader, assuming his/her role by bringing independence of mind and intellectual honesty. Apart from being fully conversant with the key networks of the organisation and have sound knowledge of the activities of the organisation work, the Chairperson is expected to be impartial and objective so as to support or take the right decisions concerning the organisation.

7.3 Responsibilities

The main duties of a Chairperson can be summarised under the following areas:

7.3.1 Strategy and Management of the Company:

- To ensure that the board is effective in its tasks of setting and implementing the company's direction and strategy.
- To ensure that the decisions by the Board are executed.
- To sign the Statement of Compliance to be filed with the Financial Reporting Council along with a director to confirm whether the Company has complied fully, partially or has not complied with the Code of Corporate Governance.

7.3.2 Leadership

- To provide overall leadership to the board, be impartial and resolve differences in the most constructive way, whilst encouraging and ensuring the active participation of all directors in discussions and board matters.
- To participate in the selection of the board members whilst ensuring that the board has an appropriate mix of competencies, experience, skill and independence.

7.3.3 Presiding and conducting meetings effectively

- To set the agenda for Board meetings, therefore giving the meetings their direction and scope.
- To preside over the board meetings and shareholders' meetings of the company and to ensure the smooth functioning of the meetings.
- To ensure that board meetings take place regularly and that all the relevant information and facts are placed before the board to enable the directors to reach informed decisions.
- To ensure that each meeting is planned effectively, conducted according to the Memorandum and Articles of Association and that matters are dealt with in an orderly, efficient manner.
- To ensure that proper minutes are taken and sign the minutes of board meetings and shareholders' meetings jointly with the Secretary. Minutes which have been signed correct by the chairperson of the meeting are prima facie evidence of the proceedings.

7.3.4 Relations with Shareholders

- To act as the Company's leading representative and be the spokesperson at functions and meetings to present the aims and policies of the Company.
- To maintain sound relations with the Company's shareholder/s and ensuring that the effective communication and disclosures are being carried out.
- To ensure that all directors be made aware of the concerns of the major shareholders and other key stakeholders and that their views be communicated to the Board as a whole.

7.3.5 Induction, Development, Succession and Performance Evaluation

- To ensure that newly appointed directors participate in an induction program with the support of the Company Secretary.
- To ensure that the development needs of the directors are identified and appropriate training be provided to continuously update the skills and knowledge of the directors so that they fulfill their role on the Board and its committees.
- To identify the development needs of the board as a whole to promote its effectiveness as a team.
- To oversee a formal succession plan for the Board.

8. ROLE OF DIRECTORS

- 8.1 All directors collectively shall contribute to the development of the strategy, analyse and monitor the performance of management against agreed objectives.
- 8.2 All directors collectively shall provide independent judgement in all circumstances.
- 8.3 All directors individually should inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as directors of the Company.
- 8.4 All directors are expected to maintain the skills required to discharge their obligations to the Company and, to the extent necessary, newly appointed directors may request suitable induction courses which would be made available to them, upon request.
- 8.5 All directors are expected to take reasonable steps to satisfy themselves that financial information released to the markets and shareholders is accurate and that the Company has adequate and proper financial controls and systems of risk management.
- 8.6 All directors are bound by fiduciary duties and duties of care and skill.

9. ROLE OF COMPANY SECRETARY

9.1 Compliance

- 9.1.1 To ensure that the organisation complies with its Memorandum and Articles of Association, all relevant statutory and regulatory requirements, codes of ethics and procedures established by the Board.
- 9.1.2 To inform Board of all legislations relevant to or affecting meetings of shareholders and directors.
- 9.1.3 To continually review developments in corporate governance.

9.2 Board members – Appointment, Guidance and Development

- 9.2.1 To ensure that procedures for the appointment of directors are properly undertaken.
- 9.2.2 To facilitate the proper induction of directors into their role.

9.2.3 To provide the Board as a whole and directors individually with guidance as to their roles and responsibilities, advising and assisting the directors with respect to their duties and responsibilities, in particular compliance with prevailing regulations.

9.2.4 To assist the Chairperson in governance processes such as Board and Committee evaluation.

9.3 Organisation of Meetings of the Company

9.3.1 To prepare the agenda of Board, Board Committees and shareholders' meetings in consultation with the Chairperson and to circulate the agendas and supporting documents in a timely manner.

9.3.2 To ensure that there is a quorum for meetings.

9.3.3 To take minutes of Board/Annual meetings and circulate draft minutes to all members and to ensure that minutes of proceedings of Board meetings and meetings of shareholders as well as resolutions of the Board are properly maintained.

9.3.4 To ensure that Annual and Special Meetings of Shareholders are held in accordance with the requirements of the Companies Act and the Company's Memorandum and Articles of Association.

9.3.5 To ensure that proxy forms are correctly processed and that the voting process whenever applicable is carried out correctly at meetings of shareholders.

9.4 Communication with Shareholders

9.4.1 To ensure that the shareholders' interests are taken care of and act as a primary point of contact for all shareholders.

9.4.2 To communicate with shareholders and arrange payment of dividends, issuing documentation regarding corporate events being undertaken by the Company such as rights and bonus issues and maintaining good shareholder relations.

10. BOARD COMMITTEES

The Board may from time to time establish standing and ad hoc Committees to assist it in carrying out its responsibilities. For each Committee the Board shall adopt a Charter setting out its role, composition, powers, responsibility, structure, resources and any other relevant matters. The appointment of a Chairperson and of the members of any Board committee shall be made by the Board.

Board committees shall comprise exclusively of board members. However, non-directors can be invited to attend the Committees.

The Board has established the following Committee:

- Audit Committee

Corporate Governance matters are taken up at the level of the Board which ensures that corporate governance practices established by the ultimate holding Company, MCB Group Limited, are applied by the Company.

Proceedings of committees shall be reported to the Board to allow other directors to be informed and seek clarifications from the committee members, if so desired.

Committees must have timely access to the resource and information necessary for them to fulfill their duties. This will include secretarial and administrative support, as well as resources such as legal advisers and outside specialists, as necessary.

The Board shall make funds available to the Committees to enable them to seek independent legal, accounting or other advice, as necessary.

11. OTHER PROVISIONS

11.1. Professional advice

The Board has an agreed procedure whereby directors are able to seek independent professional advice, should the need arise. The professional services procured would be at the Company's expense and prior approval of the Chairperson is required.

11.2 Conflict of Interest

- Transactions between the company and its directors or shareholders are sources of conflicts of interest.
- The personal interests of a director, or persons closely associated with the director must not take precedence over those of the company and its shareholders.
- A director should make a best effort to avoid conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest.
- A director shall forthwith after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose same to the Board and cause same to be entered in the Interests Register.

- The Board has adopted the Code of Ethics of MCB Group Limited, its ultimate holding company, that addresses issues that relate, inter alia, to conflicts of interest, particularly relating to directors.

11.3 Access to information

The Board shall have access to sufficient resources in order to carry out its duties, access to the Company Secretariat for assistance as required.

11.4 Reporting

All matters brought up to the Board by the different Committees likely to have an impact on the affairs or reputation of the Company and the holding companies, shall be reported by the Chairperson of the Board to the Boards of the relevant holding companies.