

**BOARD CORPORATE GOVERNANCE CHARTER  
AND HANDBOOK FOR DIRECTORS**



**R.T. BRISCOE (NIGERIA) PLC**  
(RC. 1482)

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## 1. INTRODUCTION

This Corporate Governance Charter of R.T. Briscoe (Nigeria) PLC ("Briscoe") sets out in a single document the roles, responsibilities and processes of the Board of Directors, Board Committees, Audit Committee, Auditors and Secretary of the company. The objective is to have a concise reference document that sets out in some measure the corporate governance objectives and expectations of the company. This document is by no means exhaustive or all-embracing and will require updating from time to time to remain relevant and useful. Several of the provisions set out or the policies included in this Charter have been in operation in the company for many years. Existing policies or charters incorporated in the Charter some of which have been updated include:

- Code of Ethics
- Conflict of interest policy
- Securities Trading Policy
- Whistle Blowing policy
- Complaints Management Policy
- Charters of the Board Committees



## **2. BOARD OF DIRECTORS**

### **2.1 General Overview**

The operations of the Board of Directors of R.T. Briscoe (Nigeria) PLC are governed by the provisions of the Companies and Allied Matters Act 1990, the Memorandum and Articles of Association of the Company, the Rules and regulations of the Nigerian Stock Exchange, the Investment and Securities Act, Financial Reporting Council of Nigeria Act, the Code of Corporate Governance and other applicable laws and regulations. The provisions of these laws and regulations have been incorporated into the Charter.

### **2.2 Composition**

The composition of the Board of Directors is governed by the provisions of the Companies and Allied Matters Act 1990 and the Articles of Association of the Company which allow for a maximum of ten Directors and a minimum of two. The Articles provide for the positions of Chairman, Vice Chairman, Managing Director and Deputy Managing Director. It also has provisions for a non-executive Director to appoint an alternate subject to the approval of other Board members. The Board will comprise a majority of Non-executive Directors. The size of the Board will be determined in accordance with R.T. Briscoe's Articles of Association. Collectively, the Board members should have a broad range of financial and other skills, experience and knowledge necessary to guide the business of the R.T. Briscoe Group. The Board will determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by R.T. Briscoe's Articles of Association and the terms served by existing Non-executive Directors. Non-executive Directors will be engaged through a letter of appointment.

### **2.3 Terms of Reference/Role of the Board and Directors**

The role of the Board is to provide leadership and strategic guidance for R.T. Briscoe and its subsidiaries and associates in addition to overseeing management's implementation of R.T. Briscoe's strategic initiatives. The Board is accountable to shareholders for the performance of the R.T. Briscoe Group's businesses. In performing its role, the Board aspires to excellence in governance standards. This requires the Board to work as a team and meet on a regular basis. The key responsibilities of the Board are as follows:

- 2.3.1 Approving the strategic direction of the R.T. Briscoe Group and significant corporate strategic initiatives.
- 2.3.2 Approving R.T. Briscoe's annual targets and financial statements and monitoring financial performance against forecast and prior periods.
- 2.3.3 Determining dividend policy and the amount, nature and timing of dividends to be paid.
- 2.3.4 Considering and approving the R.T. Briscoe Group's overall risk-reward strategy and frameworks for managing all categories of risk, including credit, market, liquidity, equity, reputation and operational risk.
- 2.3.5 Approving the R.T. Briscoe Group Risk Management Strategy and monitoring the effectiveness of risk management by the R.T. Briscoe Group, including satisfying itself through appropriate reporting and oversight that appropriate internal control mechanisms are in place and are being implemented in accordance with regulatory requirements.
- 2.3.6 Assessing and determining whether to accept risks beyond the approval discretion provided to management.
- 2.3.7 Maintaining an ongoing dialogue with R.T. Briscoe's auditors and, where appropriate, principal regulators, to provide reasonable assurance of compliance with all regulatory requirements.
- 2.3.8 Considering the social, ethical and environmental impact of the R.T. Briscoe Group's activities, setting standards and monitoring compliance with R.T. Briscoe's sustainability policies and practices.
- 2.3.9 Selecting, appointing and terminating the external auditor (including associated recommendations to shareholders for approval).
- 2.3.10 Overseeing the Audit Committee's evaluation of auditor's performance and ongoing independence.
- 2.3.11 Reviewing and approving Non-executive Directors' Board and Committee fees and allowances  
Selecting, appointing and determining terms of appointment of the Managing Director/Chief Executive Officer (MD/CEO), other Executive Directors and top executive staff.
- 2.3.12 Determining the corporate goals and objectives relevant to the remuneration of the CEO and evaluating the performance of the CEO in light of these objectives.
- 2.3.13 Reviewing succession plans for the CEO and Group Executives.



- 2.3.14 Approving individual remuneration levels for Group Executives, other executives who report directly to the CEO and any other person the Board determines.
- 2.3.15 Approving the appointment of Group Executives, General Managers, Head-Internal Audit, Chief Compliance Officer and monitoring the performance of senior management. The CEO will consult with the Chairman (or where appropriate the relevant Board Committee Chairman) prior to the appointment of positions (and any successors in title) deemed by the Board to have a special advisory relationship to the Board
- 2.3.16 Considering and approving the R.T. Briscoe Group's Remuneration Policy.
- 2.3.17 Considering and approving the R.T. Briscoe Board Renewal Policy.
- 2.3.18 Determining the size of bonus / incentive pools as part of R.T. Briscoe's annual plan based on consideration of pre-determined business performance indicators and the financial soundness of R.T. Briscoe.
- 2.3.19 Providing oversight and monitoring of Workplace, Health and Safety (WHS) issues in the R.T. Briscoe Group and considering appropriate WHS reports and information.

## **2.4 Board and Directors' Evaluation**

The Board will undertake ongoing assessment and review of performance of the Board, its Committees and individual Directors annually.

## **2.5 Induction and Further Training**

The Company Secretary under the guidance of the Chairman and Managing Director should establish a formal orientation programme to familiarise new Directors with the Company's operations, strategic plan, senior Management, and its business environment, and to induct them in their fiduciary duties and responsibilities. At company's expense, all Directors shall participate in relevant periodic continuing education programmes to update their knowledge and skills and keep them informed of new developments in the company's business and operating environment.

## **2.6 Role and Delegation to Management**

The Managing Director/CEO is responsible for the development of strategic objectives for the business and the achievement of the planned results for the R.T. Briscoe Group. Management of the R.T. Briscoe Group's day to day operations is undertaken by the CEO, subject to specified delegations of authority approved by the Board. Any matters or transactions outside the delegations of authority must be referred to the Board for approval. Specifically, the Managing Director has personal responsibility for business development, group strategy and objectives, and oversees the Finance, Administration and Legal/Secretarial functions. He also supervises the affairs of the Technical or non-motor business and Internal Audit Function. The Managing Director is also responsible for the motor business and coordinates the activities of the Toyota and Ford dealerships each of which are grouped into sales/marketing, spare parts and service/workshop units. The respective heads of these units have functional responsibility in the operating locations outside the head office in Lagos. A Branch Manager to which all staff in the branch reports for their day-to-day activities heads each branch.

## **2.7 Matters Reserved for the Board**

- 2.7.1 The Board shall have direct control and oversight over the following matters:
  - 2.7.1.1 Nomination and appointment of directors, membership and role of board subcommittees, assessment of board performance and director remuneration;
  - 2.7.1.2 Appointment, remuneration and assessment of performance of chief executive officer and other members of the senior management team;
  - 2.7.1.3 Delegation of powers and authorities;
  - 2.7.1.4 Corporate governance matters, including frequency and agendas of Board and Committee meetings, and the appointment of the Company Secretary;
  - 2.7.1.5 Matters pertaining to shareholders including meetings, communications and relations monitoring of company performance;
  - 2.7.1.6 Continuous disclosure policy, including approval of annual reports and accounts;
  - 2.7.1.7 Capital management, including issues, calls on, forfeiture of shares, declaration of dividends and share buybacks;
  - 2.7.1.8 Directors' interests, conflicts of same and related-party transactions;
  - 2.7.1.9 Share trading policy;
  - 2.7.1.10 oversight of compliance with appropriate laws and regulations and major litigation;



- 2.7.1.11 recommendations by management in respect of finance matters;
- 2.7.1.12 internal and external audit;
- 2.7.1.13 operational matters such as business strategy, operating budgets, risk management, human resources, sustainability policies, and charitable donations;
- 2.7.1.14 significant mergers, acquisitions, restructures and divestments;
- 2.7.1.15 approval of company policies; and
- 2.7.1.16 director and executive succession planning, and appointments to subsidiary company boards.

## **2.8 Meetings of Directors**

The Chairman is responsible, in consultation with the CEO and the Company Secretary, for the conduct of all Board meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the broad strategic direction set by the Board.

## **2.9 Appointment to the Board**

2.9.1 The Board is responsible for:

- 2.9.1.1 Identifying and evaluating possible future Directors to the R.T. Briscoe Board and to significant R.T. Briscoe subsidiaries;
  - 2.9.1.2 Appointing Directors to fill casual vacancies on the R.T. Briscoe Board;
  - 2.9.1.3 Making recommendations to R.T. Briscoe's shareholders for the appointment or removal of Directors; and
  - 2.9.1.4 Approving policies for appointments to the Boards of entities controlled by R.T. Briscoe.
- 2.9.2 The Governance Committee is responsible for the selection, review and nomination of candidates for all Board positions, both executive and non-executive to the Board. The Board determines the suitability of the nominated candidates after a review of their detailed profiles and personal interviews. Appointments by the Board are subsequently presented to the Annual General Meeting of the Company for ratification in accordance with the provisions of the Companies and Allied Matters Act.

### **2.9.3 Procedure for Appointment of a New Director**

The Companies and Allied Matters Act, 1990 and the Articles of Association of the company confers on the Board the power to appoint new Directors to fill any casual vacancy arising out of death, resignation, retirement or removal and also increase the number of Directors provided this does not exceed the maximum allowed by the Articles. Best Practice requires that the Board should adopt a formal process in identifying a suitable replacement for the outgoing Chairman and the following steps are recommended for consideration by the Board:

- 2.9.3.1 Delegate the Governance Committee to determine the skills and experience appropriate for the required candidate having regard to those of the existing Directors and any other likely changes to the Board;
- 2.9.3.2 Agree the process and timetable for seeking such a person, which may involve an external search firm;
- 2.9.3.3 A short list of candidates should eventually be prepared for the Board's consideration and interview;
- 2.9.3.4 The selection process will involve consultations with the leader of the majority shareholding bloc of the company including other significant shareholders and stakeholders;
- 2.9.3.5 Candidates for the position of Directors will be assessed amongst other things on the following basis:
  - 2.9.3.5.1 Competencies and qualifications;
  - 2.9.3.5.2 Independence;
  - 2.9.3.5.3 Other Directorships;
  - 2.9.3.5.4 Time availability;
  - 2.9.3.5.5 Potential contributions to the overall balance of the composition of the Board;
  - 2.9.3.5.6 Gender diversity;
  - 2.9.3.5.7 Depth of understanding of the role of and legal obligations, of a Board
- 2.9.3.6 The eligibility to nominate a candidate for appointment as a Director of the company shall be proportionate to the size of shareholding and a shareholder or shareholding bloc with up to 20% of

the total shareholding of the company shall be eligible to nominate a candidate to a Non-Executive Directorship position on the Board except there are cogent reasons that make this impracticable.

## 2.10 Compensation of Directors

The Board on the recommendation of the Governance Committee shall be responsible for determining the remuneration of the CEO, Executive Directors and other senior executives who report directly to the CEO and any other person the Board determines. The remuneration of the CEO and other senior executives shall be performance related. The Board shall also determine the fees and sitting allowances payable to Non-executive Directors. Non-executive Directors shall be reimbursed for travelling and hotel expenses including other expenses incurred in the course of their duties.

## 2.11 Conduct of Directors

Board members are expected to observe the highest standards of ethical behaviour. The Board supports and encourages policies within the R.T. Briscoe Group which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings. Directors are expected to avoid any action, position or interest that conflicts with an interest of the R.T. Briscoe group, or gives the appearance of a conflict. A Director that has a material personal interest in a matter that relates to the affairs of the R.T. Briscoe Group must give the other Directors notice of such interest. The Company Secretary will maintain a register of dealings in securities and declarations of interest by Directors and report them to the Board as necessary. Directors are expected to comply with the provisions of the conflict of interest policy, code of conduct for Directors, Securities Trading Policy and such other policies as may be approved by the Board from time to time.

## 2.12 Tenure of Directors

In accordance with the provisions of the Articles of Association of the company, one-third of the Directors of the company (with the exception of the Managing Director and Deputy Managing Director, if any,) shall retire at every Annual General Meeting and stand for re-election if eligible. The tenure of the Executive Directors shall be in accordance with their service contracts and shall not exceed a term of five years at the first instance renewable for another maximum term of five years. The mandatory retirement age of Directors shall be as follows:

<u>Category of Director</u>	<u>Mandatory Retirement Age</u>
Managing Director	- 60 years
Executive Director	- 60 years
Non-Executive Director	- 70 years"



### **3. BOARD COMMITTEES**

#### **3.1 General Overview**

The Board has 3 committees set up to ensure the observance of good corporate governance principles and best practices. These Committees are the:

- 3.1.1 Business Strategy Committee
- 3.1.2 Finance & Risks Management Committee
- 3.1.3 Governance Committee

Each of the Committees has a detailed Board Committee Charter which governs the conduct of its affairs and has been incorporated in this Board Charter.

#### **3.2 Business Strategy Committee**

##### **3.2.1 Membership**

3.2.1.1 The Committee shall comprise at least three members. All members of the Committee shall be Directors. The Managing Director/Chief Executive Officer and the Chief Financial Officer are expected to be in attendance at all meetings except as decided otherwise by the Committee.

3.2.1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, other Directors, the Managing Directors and Chief Financial Officers of subsidiary companies and other representatives from the business and business supporting units may be invited to attend all or part of any meeting as and when appropriate and necessary.

3.2.1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.

3.2.1.4 The Board shall appoint the Chairman of the Committee. If it fails to do so, the Committee may elect its Chairman who shall be a Non-Executive Director. In the absence of the Committee Chairman and/or an appointed Deputy, the remaining members present shall elect one of themselves to chair the meeting.

##### **3.2.2 Secretary**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

##### **3.2.3 Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee 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 Committee.

##### **3.2.4 Frequency of Meetings**

The Committee shall meet at least twice a year and otherwise as required.

##### **3.2.5 Notice of Meetings**

3.2.5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.

3.2.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than 14 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time as or no later than 5 working days before the date of the meeting.



### **3.2.6 Minutes of Meetings**

- 3.2.6.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 3.2.6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

### **3.2.7 Duties**

The Committee shall carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate:

- 3.2.7.1 recommending to the Board objectives and strategy for the group in the development of its business, having regard to the interests of its shareholders, customers, employees and other stakeholders;
- 3.2.7.2 the review and monitoring of the implementation of strategy, operational plans, policies and procedures including agreeing policy guidelines for business units and subsidiaries based on approved group strategy;
- 3.2.7.3 Ensuring the prioritisation and optimal allocation of resources including the adequacy of the group's resources;
- 3.2.7.4 Monitoring competitive forces in each area of operation;
- 3.2.7.5 Identifying and recommending new business opportunities outside the current core activities, including geographic diversification;
- 3.2.7.6 examining all proposed trade investments and divestments including making recommendations to the group Board of those which, in a group context, are material either by nature or cost; and
- 3.2.7.7 Approving all strategic or material alliances and partnership agreements.

### **3.2.8 Reporting Responsibilities**

- 3.2.8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 3.2.8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

### **3.2.9 Other Matters**

The Committee shall –

- 3.2.9.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 3.2.9.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 3.2.9.3 Give due consideration to laws and regulations, the provisions of the Code of Corporate Governance issued by the Securities & Exchange Commission and all other applicable Corporate Governance Codes, the Listing Requirements of the Nigerian Stock Exchange and any other applicable Rules, as appropriate;
- 3.2.9.4 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### **3.2.10 Authority**

The Committee is authorised –

- 3.2.10.1 To seek any information it requires from any employee of the company in order to perform its duties; and
- 3.2.10.2 To obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference;

## **3.3 Finance & Risks Management Committee**

### **3.3.1 Membership**

- 3.3.1.1 The Finance & Risk Management Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on the recommendation of the Governance Committee in consultation with the Chairman of the Finance & Risk Management Committee.
- 3.3.1.2 The General Manager, Finance and Chief Risk Officer are expected to be in attendance at all meetings except as decided otherwise by the Committee. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as other Directors, other representatives of the Risk function, Chief Compliance Officer, and Internal and External Auditors may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Finance & Risk Management Committee. The Internal and External Auditors will be invited to attend meetings of the Committee on a regular basis.
- 3.3.1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.
- 3.3.1.4 The Board shall appoint the Chairman of the Committee. If it fails to do so, the Committee may elect its Chairman who shall be a Non-Executive Director. In the absence of the Committee Chairman and/or an appointed Deputy, the remaining members present shall elect one of themselves to chair the meeting.

### **3.3.2 Secretary**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

### **3.3.3 Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee 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 Committee.

### **3.3.4 Frequency of Meetings**

The Committee shall meet at least three times a year.

### **3.3.5 Notice of Meetings**

- 3.3.5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman or any of its members or at the request of the Chief Risk Officer if they consider it necessary.
- 3.3.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than 14 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time as or no later than 5 working days before the date of the meeting.

### **3.3.6 Minutes of Meetings**

- 3.3.6.1 The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.



3.3.6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

3.3.6.3 Final signed copies of the minutes of meetings of the Finance & Risk Management Committee shall be maintained for the company's records, in hard and soft copies where possible.

### **3.3.7 Duties**

The Committee shall carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate:

#### **3.3.7.1 Financial Controls and Risk Management Systems**

The Committee shall –

3.3.7.1.1 Keep under review the adequacy and effectiveness of the company's financial control and risk management systems; and

3.3.7.1.2 Review and approve the statements to be included in the annual report concerning financial controls and risk management.

#### **3.3.7.2 Compliance, Whistleblowing and Fraud**

The Committee shall –

3.3.7.2.1 Review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

3.3.7.2.2 Review the company's procedures for detecting fraud;

3.3.7.2.3 Review the company's systems and controls for the prevention of bribery and receive reports on non-compliance;

3.3.7.2.4 Review regular reports on the adequacy and effectiveness of the company's anti-money laundering systems and controls;

3.3.7.2.5 Review regular reports and keep under review the adequacy and effectiveness of the company's compliance function.

#### **3.3.7.3 Risk Assessment**

The Committee shall:

3.3.7.3.1 advise the Board on the company's overall risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Central Bank of Nigeria, the National Bureau of Statistics and other authoritative sources that may be relevant for the company's risk policies.

3.3.7.3.2 oversee and advise the Board on the current risk exposures of the company and future risk strategy.

3.3.7.3.3 in relation to risk assessment and subject to overlap with the Audit Committee:

3.3.7.3.3.1 keep under review the company's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;

3.3.7.3.3.2 review regularly and approve the parameters used in these measures and the methodology adopted; and

3.3.7.3.3.3 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.

#### **3.3.7.4 Other Functions**

The Finance & Risk Management Committee shall also perform the following functions:



- 3.3.7.4.1 review the company's capability to identify and manage new risk types in conjunction with the Audit Committee.
- 3.3.7.4.2 before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the company, and taking independent external advice where appropriate and available.
- 3.3.7.4.3 review reports on any material breaches of risk limits and the adequacy of proposed action.
- 3.3.7.4.4 provide qualitative and quantitative advice to the Governance Committee on risk weightings to be applied to performance objectives incorporated in executive remuneration.
- 3.3.7.4.5 consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee shall also ensure the function has adequate independence and is free from Management and other restrictions.
- 3.3.7.4.6 recommend to the Governance Committee of the Board/Board the appointment and/or removal of the Chief Risk Officer.
- 3.3.7.4.7 review promptly all reports on the company from the Chief Risk Officer.
- 3.3.7.4.8 review and monitor Management's responsiveness to the findings and recommendations of the Chief Risk Officer to the Board.
- 3.3.7.4.9 ensure the Chief Risk Officer shall be given the right of unfettered direct access to the Chairman of the Board and to the Committee.
- 3.3.7.4.10 review promptly all financial reports from Management to the Board.
- 3.3.7.4.11 review and recommend to the Board for approval the annual budgets including the quarterly and annual accounts of the company.
- 3.3.7.4.12 Work and liaise as necessary with all other Board Committees.

#### **3.3.7.5 Functions Stipulated by Code of Corporate Governance**

The functions of the Finance & Risk Management Committee shall include those stipulated in any applicable Code of Corporate Governance. The functions of the Committee in the Code of Corporate Governance issued by the Securities & Exchange Commission includes:

- 3.3.7.5.1 review and approval of the company's risk management policy including risk appetite and strategy;
- 3.3.7.5.2 review the adequacy of risk management and controls;
- 3.3.7.5.3 oversight of management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms;
- 3.3.7.5.4 review of the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile; and
- 3.3.7.5.5 review and recommend for approval of the Board risk management procedures and controls for new products and services.

#### **3.3.8. Reporting Responsibilities**

- 3.3.8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 3.3.8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 3.3.8.3 The Committee shall produce a report of its activities and the company's risk management and strategy to be included in the company's annual report.

#### **3.3.9. Other Matters**

The Committee shall –

- 3.3.9.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;



- 3.3.9.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 3.3.9.3 give due consideration to laws and regulations, the provisions of the Code of Corporate Governance issued by the Securities & Exchange Commission and all other applicable Corporate Governance Codes, the Listing Requirements of the Nigerian Stock Exchange and any other applicable Rules, as appropriate;
- 3.3.9.4 oversee any investigation of activities which are within its terms of reference;
- 3.3.9.5 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### **3.3.10. Authority**

The Committee is authorised –

- 3.3.10.1 to seek any information it requires from any employee of the company in order to perform its duties;
- 3.3.10.2 to obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 3.3.10.3 to request the attendance of any employee at a meeting of the Committee as and when required.

## **3.4 Governance Committee**

### **3.4.1 Membership**

- 3.4.1.1 The Committee shall comprise at least three members. All members of the Committee shall be Non-Executive Directors.
- 3.4.1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Managing Director/Chief Executive, other Directors, the Head of Human Capital Development and other representatives from the Human Capital Development function may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 3.4.1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.
- 3.4.1.4 The Board shall appoint the Chairman of the Committee. If it fails to do so, the Committee may elect its Chairman who shall be a Non-Executive Director. In the absence of the Committee Chairman and/or an appointed Deputy, the remaining members present shall elect one of themselves to chair the meeting.

### **3.4.2 Secretary**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

### **3.4.3 Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee 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 Committee.

### **3.4.4. Frequency of Meetings**

The Committee shall meet at least twice a year and otherwise as required.



### **3.4.5. Notice of Meetings**

- 3.4.5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 3.4.5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than 14 days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time as or no later than 5 working days before the date of the meeting.

### **3.4.6. Minutes of Meetings**

- 3.4.6.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 3.4.6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

### **3.4.7 Duties**

The Committee shall carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

#### **3.4.7.1 Nominations, Appointments, etc.**

The Committee shall perform the following functions:

- 3.4.7.1.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- 3.4.7.1.2 give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- 3.4.7.1.3 Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 3.4.7.1.4 Keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- 3.4.7.1.5 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 3.4.7.1.6 Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall;
- 3.4.7.1.6.1 Use open advertising or the services of external advisers to facilitate the search;
- 3.4.7.1.6.2 Consider candidates from a wide range of backgrounds;
- 3.4.7.1.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- 3.4.7.1.7 For the appointment of a Chairman, the Committee should prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- 3.4.7.1.8 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- 3.4.7.1.9 Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings;
- 3.4.7.1.10 review the results of the Board performance evaluation process that relate to the composition of the Board; and



- 3.4.7.1.11 review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.

### **3.4.7.2 Succession Planning**

The Committee shall also make recommendations to the Board concerning -

- 3.4.7.2.1 Formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Managing Director/Chief Executive Officer;
- 3.4.7.2.2 Membership of the Board Audit and Governance Committees, and any other Board Committees as appropriate, in consultation with the Chairmen of those Committees;
- 3.4.7.2.3 The re-election by Shareholders of Directors under the annual re-election provisions of the Company and Allied Matters Act, 1990 or the retirement by rotation provisions in the company's Articles of Association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board;
- 3.4.7.2.4 Any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the company subject to the provisions of the law and their service contract; and
- 3.4.7.2.5 The appointment of any Director to executive or other office.

### **3.4.7.3 Remuneration**

The Committee shall -

- 3.4.7.3.1 Determine and agree with the Board the framework or broad policy for the remuneration of the company's Chairman, Managing Director/Chief Executive, the Executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider. The remuneration of Non-Executive Directors shall be a matter for the Chairman and the executive members of the Board. No Director or Manager shall be involved in any decisions as to their own remuneration;
- 3.4.7.3.2 In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of applicable Corporate Governance Codes. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company;
- 3.4.7.3.3 When setting remuneration policy for Directors, review and have regard to the remuneration trends across the company or group;
- 3.4.7.3.4 Review the ongoing appropriateness and relevance of the remuneration policy;
- 3.4.7.3.5 Within the terms of the agreed policy and in consultation with the Chairman and/or Managing Director/Chief Executive, as appropriate, determine the total individual remuneration package of the Chairman, each Executive Director, Company Secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards;
- 3.4.7.3.6 Obtain reliable, up-to-date information about remuneration in other companies. To help it fulfil its obligations the Committee shall have full authority to appoint Remuneration Consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- 3.4.7.3.7 Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 3.4.7.3.8 Approve the design of, and determine targets for, any performance related pay schemes operated by the company and approve the total annual payments made under such schemes;
- 3.4.7.3.9 Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, Company Secretary and other designated senior executives and the performance targets to be used;
- 3.4.7.3.10 determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives;



- 3.4.7.3.11 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 3.4.7.3.12 oversee any major changes in employee benefits structures throughout the company or group; and
- 3.4.7.3.13 agree the policy for authorising claims for expenses from the Directors.

#### **3.4.7.4 Functions stipulated by the Code of Corporate Governance**

The functions of the Governance Committee shall include those stipulated in any applicable Code of Corporate Governance. The functions of the Committee in the Code of Corporate Governance issued by the Securities & Exchange Commission includes:

- 3.4.7.4.1 Establish the criteria for Board and Board Committee memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current Directors in connection with their re-nomination and make recommendations to the Board;
- 3.4.7.4.2 Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- 3.4.7.4.3 Periodically evaluate the skills, knowledge and experience required on the Board;
- 3.4.7.4.4 Make recommendations on experience required by Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- 3.4.7.4.5 Make recommendations on compensation structure for Executive Directors;
- 3.4.7.4.6 Provide input to the annual report of the company in respect of Directors' compensation;
- 3.4.7.4.7 Ensure that succession policy and plan exist for the positions of Chairman, CEO/MD, the Executive Directors and the subsidiary Managing Directors for Group companies;
- 3.4.7.4.8 Ensure that the Board conducts a Board evaluation on an annual basis;
- 3.4.7.4.9 Review the performance and effectiveness of the subsidiary company Boards on an annual basis where applicable; and
- 3.4.7.4.10 Review and make recommendations to the Board for approval of the company's organisation structure and any proposed amendments.

#### **3.4.8. Reporting Responsibilities**

- 3.4.8.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 3.4.8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 3.4.8.3 The Committee shall produce a report to be included in the company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

#### **3.4.9 Other Matters**

The Committee shall –

- 3.4.9.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 3.4.9.2 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 3.4.9.3 Give due consideration to laws and regulations, the provisions of the Code of Corporate Governance issued by the Securities & Exchange Commission and all other applicable Corporate Governance Codes, the Listing Requirements of the Nigerian Stock Exchange and any other applicable Rules, as appropriate;
- 3.4.9.4 Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.



### **3.4.10 Authority**

The Committee is authorised –

- 3.4.10.1 To seek any information it requires from any employee of the company in order to perform its duties; and
- 3.4.10.2 To obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference;

## **4. COMPANY SECRETARY**

### **4.1 Appointment and Removal**

The appointment and removal of the Company Secretary are to be determined by the Board. The Board must ensure that the Secretary has the requisite qualifications, skills, experience and competence for the position. He must be appointed through a rigorous interview.

### **4.2 Responsibilities**

The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies i.e. the Nigerian Stock Exchange, Securities & Exchange Commission, Corporate Affairs Commission including all statutory and other filings. All Directors shall have direct access to the Company Secretary. The Company Secretary shall report to the Chairman and the Managing Director for his day-to-day responsibilities.

#### **4.2.1 Statutory Responsibilities**

The Statutory duties of the Company Secretary under the Companies and allied Matters Act, 1990 include:

- 4.2.1.1 Attending the meeting of the company, the board of directors and its committees, rendering all necessary secretarial services in respect of the meeting and advising on compliance by the meetings with the applicable rules and regulations;
- 4.2.1.2 Maintaining the registers and other records required to be maintained by the company under the Act;
- 4.2.1.3 Rendering proper returns and giving verification to the Corporate Affairs Commission required under the Act;
- 4.2.1.4 Carrying out such administrative and other secretarial duties as directed by the directors or the company;

#### **4.2.2 Duties under the SEC Code of Corporate Governance**

In addition to his statutory functions under the Companies and allied Matters Act, 1990, the Company Secretary shall also exercise the following functions prescribed by the Code of Corporate Governance issued by the Securities & Exchange Commission:

- 4.2.2.1 Provide the Board and Directors individually with detailed guidance on how their responsibilities should be best discharged in the interest of the company;
- 4.2.2.2 Coordinate the orientation and training of new directors;
- 4.2.2.3 Assist the chairman and CEO/MD to determine the annual Board Plan and with the other strategic issues at board level;
- 4.2.2.4 Compilation of the Board papers and ensuring that the Board's discussions and decisions are clearly and properly recorded and communicated to the proper persons;
- 4.2.2.5 Notify the Board members of matters that warrant their attention;
- 4.2.2.6 Provide a central source of guidance and advice to the Board and the company, on matters of ethics, conflict of interest and good corporate governance.

#### **4.2.3 Other Duties**

The Company Secretary also has various disclosure, filing and other responsibilities required by the Listing Rules of the Nigerian Stock Exchange, the Investment and Securities Act, Rules of the Securities & Exchange Commission, etc.



## **5. AUDIT COMMITTEE**

### **5.1 *General Overview***

Every public Company is required by Section 359(3) of the Companies and Allied Matters Act, 1990 to set up an Audit Committee. The Committee shall consist of an equal number of the shareholders of the Company subject to a maximum number of six members. The Company has since 1991 had 3 representatives each of the shareholders and directors on the Committee.

### **5.2 *Objectives and Functions***

#### **5.2.1 *Statutory Functions***

The objectives and functions of the Audit Committee are set out in Section 359(6) of the Companies and Allied Matters Act, 1990. Subject to such other additional functions and powers that the Company's Articles of Association may stipulate, the objectives and functions of the Audit Committee shall be to:

- 5.2.1.1 Ascertain whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- 5.2.1.2 Review the scope and planning of audit requirements;
- 5.2.1.3 Review the findings on management matters in conjunction with the external auditor and departmental responses thereon;
- 5.2.1.4 Keep under review the effectiveness of the company's system of accounting and internal control;
- 5.2.1.5 Make recommendations to the Board in regard to the appointment, removal and remuneration of the external auditors of the company; and
- 5.2.1.6 Authorise the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee.

#### **5.2.2 *Functions Prescribed by the Code of Corporate Governance***

In addition to its statutory functions, the audit committee shall also exercise the following functions prescribed by the Code of Corporate Governance issued by the Securities & Exchange Commission:

- 5.2.2.1 Assist in the oversight of the integrity of the company's financial statements, compliance with legal and other regulatory requirements, assessments of qualifications and independence of external auditor, and performance of the company's internal audit function as well as that of external auditors;
- 5.2.2.2 Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls in the company;
- 5.2.2.3 Ensure the developments of a comprehensive internal control framework for the company, obtain assurance and report annually in the financial report, on the operating effectiveness of the company's internal control framework;
- 5.2.2.4 Oversee management's process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- 5.2.2.5 At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent internal control review of the company;
- 5.2.2.6 Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors;
- 5.2.2.7 Discuss policies and strategies with respect to risk assessment and management;

- 5.2.2.8 Meet separately and periodically with management, internal auditors and external auditors;
- 5.2.2.9 Review and ensure that adequate whistle-blowing procedures are in place and that a summary of issues reported are highlighted to the chairman;
- 5.2.2.10 Review, with the external auditor, any audit scope limitations or problems encountered and management's response to same;
- 5.2.2.11 Review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest;
- 5.2.2.12 Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors;
- 5.2.2.13 Consider any related party transaction that may arise within the company or group;
- 5.2.2.14 Invoke its authority to investigate any matter within its terms of reference for which purpose the company must make available the resources to the internal auditors with which to carry out this function, including access to external advice where necessary; and
- 5.2.2.15 Report regularly to the Board.

### 5.3 Quorum

The Companies and Allied Matters Act, 1990 does not specify a quorum in which case the Committee may determine this.

**APPROVAL:** This Charter was approved by the Board of Directors of R.T. Briscoe (Nigeria) PLC on December 14, 2017.

**NAME:** SIR SUNDAY NNAMDINWOSU      **POSITION:** ACTING CHAIRMAN, BOARD OF DIRECTORS

**SIGNATURE:**



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**DATE:** December 14, 2017