

## **PRINCIPLE 1**

### **The Composition of the Board of Directors is such that should lead and control the Company.**

The Board should exercise leadership, integrity and judgment in directing the company, so as to achieve the Company's strategic plans and to act in the best interest of the Company's shareholders, based on transparency, accountability and responsibility.

The Directors have a duty and responsibility to act honestly and with due diligence and care in discharging their duties as Directors, and in participating in the decision and policy-making process of the company.

Accordingly, the composition of the Board shall at all times include fit and proper persons to direct the business of the Company. The concept of fit and proper requires that Directors are honest, competent and solvent persons. There should be a mix of proficient directors, each of whom is able to add value and to bring independent judgment to bear on the decision-making process.

The nature, size, and complexity of the Company, as well as its stage of development, will be of vital importance in determining the exact composition and balance of the Board. It is firmly believed, though, that a smaller board is often more cohesive and works more effectively than a larger board.

The Board should also include people with relevant industry experience. Directors with such backgrounds can provide a useful perspective on significant risks and competitive advantages, as well as an understanding of the challenges facing the business. Because the Company's need for particular backgrounds and experiences may change over time, the Board should monitor the mix of skills and experience of its members, in order to assess at each stage in the life of the Company, whether the board has the necessary tools to perform its oversight function effectively.

Accordingly directors are required to:

- (i) acquire a broad knowledge of the business of the Company;
- (ii) be aware of and be conversant with the statutory and regulatory requirements connected to the business of the Company; and
- (iii) allocate sufficient time to uphold their responsibilities; and
- (iv) attend meetings of the Board regularly.

### **Director Independence**

It is the policy of the Board of Directors that, at all times, there should be at least one member of the Board that is independent of the Company and of the Company's management. For a Director to be deemed "independent," the Board shall conclusively and affirmatively determine and record that the Director has no material relationship with the Company, or its affiliates, or any member of the senior management of the Company or his or her affiliates.

Independent Board members can contribute significantly to the decision-making of the Board. They can bring an objective view to the evaluation of the performance of the Board and management. In addition, they can play an important role in areas where the interests of management, and the company and its shareholders may diverge, such as executive remuneration, changes of corporate control, the audit function etc.

Independent Directors have an overriding and irrevocable obligation to officially inform the Board of any material changes in their circumstances or relationships, that may impact on their designation by the Board as "independent."

### **Committees**

Committees shall be established by the Board, from time to time, in order to facilitate and assist in the execution of the Board's responsibilities. A committee structure permits the Board to address key areas in more depth than may be possible in a full board meeting. Generally, a Committee shall be constituted to address issues that, because of their complexity, technical nature, and time requirements and/or sensitivity, cannot be adequately addressed within the normal agenda of Board meetings.

The decision about committee membership should be made by the Board as a whole. The purpose, membership requirements, and roles and responsibilities of each committee should be clearly defined and understood. A written resolution for the establishment and the terms that will regulate each committee should be passed by the Board.

The Committees should inform, at regular intervals, the Board, and the Board is responsible to develop internal procedures to effectively monitor and keep informed all the members of the Board through regular meetings or written reports.

## **PRINCIPLE 2**

**The Board should monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans within the parameters of all relevant laws, regulations and codes of best business practice.**

The Board should define the level of power to be retained by it, in a clear manner which is known by all directors and senior management of the company. Delegation of authority to management should also be clear and unequivocal.

The Board should:

- define, in clear and concise terms, the Company's strategy, policies, management performance criteria and business plans which can be measurable in a manner which is precise and tangible;
- set up internal and external reporting systems so that the Board is supplied, in a timely manner, with information in a form and of a quality appropriate to enable the Board to discharge its duties, and to enable it to conduct objective judgement on the corporate affairs of the

Company, and take pertinent decisions to ensure that an informed assessment can be made of all issues facing the Board;

- guide and set the pace for the current operations and future developments, and then review and evaluate regularly, the present and future strengths and weaknesses, as well as the opportunities and threats to the Company;

- recognise and support enterprise and innovation amongst its management. The Board should examine how best to motivate its management;

- seek to establish an effective decision-making process, in order to develop the company's business efficiently;

- monitor management's implementation of corporate strategy and financial objectives. The strategy and the processes for its implementation should be regularly reviewed by the Board, and effective measures taken to address any deficiencies, and ensure the future sustainability of the enterprise; and

- monitor the application by management, of its policies towards the Company's shareholders and other stakeholders.

### **Board Operations**

Being a member of the Board of Directors of the Company requires a significant commitment in time and attention. Directors must participate in board meetings, review relevant materials, serve on board committees, and prepare for meetings and for discussions with management.

Upon being appointed to the Board, directors should ensure that they have sufficient and adequate information about the Company, its affairs and their fiduciary duties, responsibilities and liabilities. It is desirable that periodic information sessions are organized to ensure that Directors are familiar with, inter alia:

(i) the Company's operations and prospects;

(ii) the Senior Management and its skills and competence;

(iii) the general business environment;

(iv) the Board's expectations; and

(v) their statutory and fiduciary duties.

The Directors must ensure compliance with the law and associated regulations, and in respect of which, each Director has a responsibility to ensure that the Company has adequate processes in place to ascertain that management and employees comply with laws and associated regulations.

The Board should ensure that, where necessary for the proper performance by Directors of their duties and responsibilities, each Director has available to him independent advice obtained at the Company's cost and, where applicable, additional training.

### **PRINCIPLE 3**

**The Board must convene regularly and conduct meetings giving all Directors equal and fair opportunity to discuss matters affecting the business, so that they can fulfil their responsibilities at all times.**

### **Board Meetings**

The Board believes that regular meetings at appropriate intervals are in general desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, unscheduled Board meetings may be called, upon providing appropriate notice, at any time to address specific needs of the Company.

The Secretary of the Company, in consultation, with the Chairman of the Board, shall establish the agenda for each Board meeting. Each Director shall be entitled to suggest the inclusion of items on the agenda, request the presence of or a report by any member of the Company's senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting. The Board's agenda must be carefully planned, yet be flexible enough to accommodate emergencies and unexpected developments. Importantly, the agenda and meeting schedule must permit adequate time for discussion and a healthy give and take process between board members and management. Any documents that should be circulated, and papers to be considered at Board meetings, should be made available in advance so that they can properly considered before the meeting.

The agendas for Board meetings shall provide opportunities for the operating heads (producers) of the Company to make presentations to the Board during the course of the year.

After each Board meeting, and before the next Board meeting, minutes that faithfully record decisions should be prepared and should be made available to all Directors as soon after the meeting as practicable.

### **Board Materials**

The Board must have accurate and complete information, in order to do its job. The quality of information received by the Board directly affects its ability to perform its oversight function effectively.

Directors shall receive information from a variety of sources, including management, board committees, and outside experts, that are important to their understanding of the businesses of the Company, in writing, and in sufficient time to prepare for meetings.

This material shall be as brief as possible while still providing the desired information; it shall be analytic as well as informational; and it shall include highlights and summaries whenever appropriate.

Directors may request that the operating heads (producers) of the Company, or appropriate members of senior management, present to the Board information on specific topics relating to the Company and its operations.

From time to time it may be appropriate for the Board of Directors to retain the services of independent advisors, as it deems appropriate, and any such advisors shall report directly to the Board. The cost of any such advisors shall be borne by the Company.

Directors are encouraged to keep themselves informed with respect to the Company's affairs, between Board meetings, through direct individual contacts with members of the senior management of the Company and its affiliates. The Secretary of the Company shall, whenever requested, assist in arranging and facilitating such contacts.

### **PRINCIPLE 4**

**The Board should regularly review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.**

Ensuring the integrity of the essential reporting and monitoring systems will require the board to set and enforce clear lines of responsibility and accountability throughout the organisation. The board will also need to ensure that there is appropriate oversight by senior management. One way of doing this is through an internal audit system directly reporting to the Board. It is good practice for the Board to create and maintain an Audit Committee, in order to review procedures and internal control systems. It is accepted best practice for the independent auditor to attend meetings of this committee.

Audit committee members should meet minimum financial and accounting qualifications and the Chairman of the Committee should be a member of a recognised international body of accountants.

The Board should determine the terms of reference, life span, composition, role and function of such committee and should establish, maintain and develop appropriate reporting procedures. The Audit Committee's primary purpose is to protect the interests of the company's shareholders and assist the Directors in conducting their role effectively. The scope of this Committee's responsibilities should, inter alia include:

- to assist the Board of Directors in fulfilling its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- maintain communications on such matters between the Board, management, and the independent auditors; and
- preserving the company's assets by understanding the Company's risk environment and determining how to deal with those risks.
- to consider the independence of the outside auditor and to develop policies concerning the provision of non-audit services by the outside auditor.
- to review and discuss with management and the outside auditor the Company's critical accounting policies and the quality of accounting judgements and estimates made by management.
- to understand and be familiar with the Company's system of internal controls and on a periodic basis should review with both internal and outside auditors the adequacy of this system.
- unless a different committee of the full Board does so, the audit committee should review the company's procedures addressing compliance with the law and important corporate

policies.

- to review and discuss the company's annual financial statements with management and the auditor and based on these discussions, recommend to the board to approve the financial statements for publication and filing.

The Board should ensure that the Audit Committee establishes internal procedures and should monitor these on a regular basis. Audit committee meetings should be held frequently enough to allow the committee to appropriately monitor the annual and quarterly financial reports.

The Board must ensure that the financial statements of the company and Annual Audit thereof have been completed. In addition, the Board should satisfy itself that any issues raised by the external auditor and communicated to the Company have been adequately addressed.

### **PRINCIPLE 5**

**The Company should set out a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in fixing his or her own remuneration.**

To avoid potential conflicts of interests the Board itself should establish the Remuneration packages of individual directors.

The remuneration of directors should be such as to attract and retain the management and the directors needed to run the company successfully, but the company should avoid paying more than is necessary for this purpose. It is desirable that a proportion of executive directors' remuneration is linked to corporate and individual performance.

It is the Board's responsibility to devise the appropriate packages needed to attract, retain and motivate executive Directors with the right qualities and skills for the proper management of the company.

The Board should be sensitive to prevailing market conditions, including pay and employment conditions of comparable companies. Comparisons however should be used with caution so as not to create an upward spiral of remuneration levels without any corresponding improvement in performance.

Performance-related elements of the remuneration of executive Directors and other executives should constitute a significant element of the total remuneration package, particularly of executive Directors, and should be designed to align the interests of Directors with those of shareholders.

It is highly desirable that executive Directors are engaged on definite service contracts. In deciding the term of office, a balance ought to be maintained between the need to provide continuity at the highest executive levels of the Company, and the importance that the position of executive Directors is not entrenched in the company.

The Board should consider what compensation would become payable in the event of early termination of Directors' service contracts and such provisions should be included in the service contracts themselves, so as to avoid the uncertainty of negotiation in the event of early termination later on.

### **Implementation of the Guidelines**

The Guidelines mentioned above should be interpreted in the context of applicable laws and regulations, as well as in the context of the Company's Memorandum & Articles of Association. They are not intended to establish by their own force any legally binding obligations.