



SHELTER AFRIQUE

Financing Affordable Housing for Africa

The Board Charter of Shelter Afrique

Updated September 2017



THE BOARD CHARTER OF SHELTER AFRIQUE



Updated September 2017

TABLE OF CONTENTS

A. INTRODUCTION	1
I. PURPOSE	1
II. CONTEXT	1
III. STATUS OF THE BOARD	1
B. CHAPTER I: COMPOSITION OF THE BOARD, POSITIONS, COMMITTEES	2
I. BOARD PROFILE, SIZE, EXPERTISE AND INDEPENDENCE	2
a. Board Profile	2
b. Number of Members	2
c. General Requirements	2
d. Independence	2
II. (RE) APPOINTMENT, TERM OF OFFICE, ROTATION	4
a. Election by Shareholders	4
b. Nominations and Recommendations	4
c. Term of Office	5
d. Board Rotation Plan	5
III. CHAIRPERSON AND VICE-CHAIRPERSON	5
a. Election	5
b. Duties	5
c. Responsibilities	6
IV. COMPANY SECRETARY	7
a. Company Secretary	7
b. General Access	7
c. Responsibilities	7
d. Board Secretary	7
V. COMMITTEES	7
a. Establishment of Committees	7
b. Board Responsibility for Committee Action	7
c. Committee Reporting	7
d. Terms of Reference of Committee	8
e. Website Disclosure	8

C. CHAPTER II: DUTIES AND POWERS	8
I. GENERAL DUTIES AND POWERS	8
a. General Responsibilities	8
b. Vision, Mission and Core Values	8
c. Organisation Strategy	8
d. The Board Acts in the Interest of the Company	8
e. Quality of Performance	9
f. Action in Concert	9
g. Provision on Information	9
h. Responsibility for Securing Information	9
i. Access to Records	9
j. Use of Experts	9
k. Risk Management	9
l. Appointment, Evaluation, Compensation and Succession for Senior Management	10
m. Annual Workplan	10
II. DUTIES REGARDING THE SUPERVISION OF MANAGEMENT	10
a. Nature of Supervision	10
b. Financial Reporting	11
c. Annual Risk Review	11
III. DUTIES REGARDING THE MEMBERS AND THE PERFORMANCE OF THE BOARD	11
a. Duties Regarding the Board	11
b. Board Self-Assessment	11
c. Board Evaluation	12
IV. CERTAIN OTHER DUTIES OF THE BOARD	12
a. Duties Generally	12
b. Annual Report and Accounts	12
V. SUPERVISION OF FINANCIAL REPORTING	12
a. General Supervision Responsibilities	12
b. Discussion of Financial Reports	12
c. External Auditor	13

d. Audit Committee is Principal Contact with External Auditor	13
e. Recommendations by External Auditor	13
VI. DUTIES REGARDING NOMINATION AND ASSESSMENT OF EXTERNAL AUDITOR	13
a. Appointment of External Auditor	13
b. Compensation of External Auditor	13
c. Reports to the Board	13
d. Assessment	14
e. Conflicts of Interest	14
f. Representation by External Auditor	14
VII. COMPENSATION OF BOARD MEMBERS	14
a) Annual Remuneration Report	14
b) Approval by the General Meeting	14
c) Extraordinary Compensation	14
VIII. RELATIONS WITH SHAREHOLDERS	15
a. Information	15
b. General Meeting; Record Date; Venue	15
c. Compliance with Law	15
d. Attendance by Board Members	15
e. Chairperson of General Meetings	15
f. Disclosure of Resolutions	15
g. Changes to Corporate Governance	15
h. Attendance by external auditor	15
D. CHAPTER III: BOARD MEETINGS; DECISION-MAKING	16
I. FREQUENCY, NOTICE, AGENDA AND VENUE OF MEETINGS	16
a. Frequency	16
b. Notice and Agenda	16
c. Venue	16
II. ATTENDANCE OF AND ADMITTANCE TO MEETINGS	17
a. Attendance by Managing Director and Senior Management Officers	17
b. Proxies	17

c. Undue Absence	17
d. Attendance by Non-Members	17
III. CHAIRPERSON OF THE MEETING, REPORTS	17
a. Chairperson	17
b. Report	17
IV. DECISION-MAKING WITHIN THE BOARD	18
a. Preference for Unanimity	18
b. Individual Vote	18
c. Majority Vote; Quorum	18
d. Adoption at Meeting	18
e. Minutes	18
f. Certification of Resolutions/Disclosure	19
V. VIRTUAL MEETINGS AND ELECTRONIC RESOLUTIONS	19
E. CHAPTER IV: OTHER PROVISIONS	19
I. CONFLICTS OF INTEREST OF BOARD MEMBERS	19
a. Duty to Disclose	19
b. Related Party Transactions	20
c. Abstention by Conflicted Party	20
d. Requirements to Approve Conflicts of Interest	21
II. COMPENSATION OF BOARD MEMBERS	21
a. Approval by General Meeting	21
b. Reimbursement of Costs	21
III. INDUCTION PROGRAM, ONGOING TRAINING AND EDUCATION	21
a. Induction Program	21
b. Annual Review of Training	21
c. Costs	22
IV. OTHER POSITIONS	22
a. No Excess Memberships	22
b. Notice of Outside Positions	22
V. CONFIDENTIALITY	22
a. Duty to Keep Information Confidential	22

b. Return of Confidential Information	22
c. Notice of Disclosure	23
VI. MISCELLANEOUS	23
a. Acceptance by Board Members	23
b. Occasional Non-Compliance	23
c. Amendment	23
d. Interpretation	23
e. Partial Invalidity	23
F. ANNEX 1: LIST OF APPROVALS REQUIRED BY BOARD	24
G. ANNEX 2: POLICY REGARDING INDEPENDENT EXTERNAL AUDITOR	25
I. POLICY	25
II. TERMS OF REFERENCE	25
III. WORK	26
a. Audit Work	26
b. Non-Audit Work	26
IV. ROTATION OF PARTNERS RESPONSIBLE FOR AUDIT WORK	27
V. APPOINTMENT OF THE EXTERNAL AUDITOR	27
VI. STAFF TRANSFER RESTRICTIONS	28

A. INTRODUCTION

1 PURPOSE

The Board Charter

- 1.1 Sets out the Functions and Powers of the Board.
- 1.2 Is complementary to the requirements regarding the Board and Board Members contained in the Statutes, the General By-Laws of SHELTER-AFRIQUE, the Resolutions of the General Meeting and the provisions governing the relationship between the committees and the Board as contained in the Terms of Reference of the committees. In the event of conflict, the provisions of the Statutes shall rank supreme.
- 1.3 As amended from time to time shall be posted on the official website of SHELTER-AFRIQUE.

2 CONTEXT

- 2.1 Shelter Afrique's **Objective** is to be the preferred provider of affordable housing and urban infrastructure solutions across Africa.
- 2.2 Shelter Afrique's **Vision** is for every African, particularly those on low income to have access to good quality housing they can afford, located in safe and secure communities where they can raise their families and thrive as proud citizens;
- 2.3 The Core Values of Shelter Afrique are Trust, Honesty, Teamwork and a passionate commitment to Customer Service. The Board aims to carry out its role in accordance with these values having regard to the Company's Shareholders, Staff, Partners and the wider community it serves.

3 STATUS OF THE BOARD

- 3.1 The Board is appointed by the Shareholders to direct and control the Company in accordance with its Statutes.

B. CHAPTER 1: COMPOSITION OF THE BOARD, POSITIONS, COMMITTEES

I. BOARD PROFILE, SIZE, EXPERTISE AND INDEPENDENCE

- a. Board Profile.** The Bureau of SHELTER-AFRIQUE shall in consultation with the Board Chairperson and the Managing Director, and taking into account the provisions of SHELTER-AFRIQUE Statutes, prepare prior to a meeting at which there is going to be election of Board Members a profile of the Board size and composition, considering the nature of the Company's business and its subsidiaries, and the desired expertise and background of the Board Directors.
- b. Number of Members.** The number and composition of the Board Directors shall be as stipulated by the Statutes of SHELTER-AFRIQUE.
- c. General Requirements** The Board shall use its best efforts to ensure that:
- (i) Its members can act critically and independently of one another;
 - (ii) Each Board member can assess the broad outline of the Company's overall policy;
 - (iii) Each Board member has sufficient expertise to perform his or her role as a Board member within the Board Profile;
 - (iv) The Board matches the Board Profile;
 - (v) Notwithstanding the requirements of the Board Profile, at least three (3) Board members have expertise in corporate finance, financial administration and accounting for companies similar to SHELTER-AFRIQUE in size and sophistication; and

All Board members are able to act independently as defined in Section "d" below.

- d. Independence.** The Board shall ensure at all times that every Director is able to act independently and that Directors are assessed annually against the following guidelines:

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- (i) Is not, and has not been employed by SHELTER-AFRIQUE or any of its related parties at any time during the past five years;
 - (ii) Is not, and has not been affiliated with a Company that acts as an advisor or consultant to SHELTER-AFRIQUE or its related parties;
 - (iii) Is not and has not him/herself acted in such capacity at any time during the past five years;
 - (iv) Is not and has not been affiliated with any significant customer or supplier of SHELTER-AFRIQUE or its related parties (i.e. a Company that makes payments to, or receives payments from SHELTER-AFRIQUE for property or services in all which, in any single fiscal year, exceeds US\$50,000) at any time during the past five years;
 - (v) Does not currently have, nor has had any personal service contracts with SHELTER-AFRIQUE, its related parties or its Senior Management at any time during the past five years;
 - (vi) Is not affiliated with any organisation that receives significant funding from SHELTER-AFRIQUE or its related parties;
 - (vii) Does not receive, and has not received any additional remuneration from SHELTER-AFRIQUE apart from director's remuneration, nor participates in SHELTER-AFRIQUE's share option or performance-related payment plans, nor is a participant of SHELTER-AFRIQUE's pension plan;
 - (viii) His/her director's remuneration does not constitute a significant portion of his or her annual income;
 - (ix) Is not employed as an executive officer of another Company where any of SHELTER-AFRIQUE's executives serve on that Company's Board;
 - (x) Is not a member of the immediate family of any individual who is, or has been at any time during the past five years, employed by SHELTER-AFRIQUE or its related parties as all officer;

- (xi) Is not, nor has been at any time during the past five years, affiliated with or employed by a present or former auditor of SHELTER-AFRIQUE or auditor of any related party;
- (xii) Has not served on the Board for more than ten years.

II. (RE) APPOINTMENT, TERM OF OFFICE, ROTATION

- a. **Election by Shareholders.** The General Meeting elects members of the Board in accordance with the provisions of the Statutes.
- b. **Nominations and Recommendations** for election to the Board. A nomination or recommendation of a candidate to the General Meeting for election to the Board shall be in accordance with the Statutes, including the following information:

In addition, the nomination documents shall include a personal statement of the nominee, including:

- (i) the candidate's age;
- (ii) his or her profession;
- (iii) any convictions for any crimes involving dishonesty, fraud or breach of trust;
- (iv) the positions she/he holds or has held in the past five years (including memberships of the Board of Directors or Management Boards/Executive committees), nominating shareholder;
- (v) Agreement to the terms of the Director's Service Contract with Shelter Afrique;
- (vi) any other information relevant to assess his or her suitability as a member of the Board.

The election of a Board member is definitive only after the Bureau of the AGM has confirmed he/she meets the requirements of this Charter, particularly that he/she has sufficient expertise to perform his or her role as a Board member within the Board Profile, and is able to act independently as defined in Section 1 (d) above.

- c. **Term of Office.** The Term of Office of Directors shall be as stipulated in the Statutes and the Service Contract.
- d. **Board Rotation Plan.** The Board shall prepare a rotation plan of its members within 6 months of the effective date of this Charter and thereafter maintain a rotation plan. Directors shall retire periodically in accordance with the Rotation Plan in order to avoid, as far as possible, a situation in which many directors retire at the same time. The Board may at any time amend the Rotation Plan. Amendments to the Rotation Plan, however, do not permit a sitting director to remain in office for a longer period than appointed for, or allow that be be asked to retire before his term has expired.

III. CHAIRPERSON AND VICE-CHAIRPERSON

- a. **Election.** The Board shall elect a Chairperson and a Vice-Chairperson from among its members in accordance with the Statutes. The Vice-Chairperson replaces, and assumes the powers and duties of the Chairperson in his absence.
- b. **Duties.** The Chairperson of the Board is primarily responsible for the activities of the Board and its Committees. Specifically, she/he shall:

Represent the Board to Shareholders and act as its spokesperson. In this regard, the Chairperson shall maintain regular dialogue with the Chairperson of the Bureau and shareholders ensuring that Shareholders are effectively informed at all times. The Chairperson shall prepare and present an annual report of the Company's activities to Shareholders at an AGM.

Ensure the integrity and effectiveness of the governance process of the Board, particularly its independence. In this regard, the Chairperson shall:

- (i) Ensure that Board members, when appointed, participate in an induction program and, as needed, additional education or training programs;
- (ii) Supervise and approve the agenda of Board meetings, chairing such meetings and ensuring that minutes are kept of such meetings;

- (iii) Ensure that Board members receive all information necessary for them to perform their duties;
- (iv) Facilitate meetings of the Board, ensuring that no member dominates discussion, that appropriate discussion takes place and that these result in logical and understandable outcomes;
- (v) Oversee the bi-annual Independent Board Evaluation and annual individual Director's performance appraisal and address any matters arising therefrom, particularly action on identified areas for improvement;
- (vi) Oversee the effective functioning of the Board's Committees;
- (vii) Act as main contact with any external advisors appointed by the Board with the exception of the External Auditors and other contacts expressly delegated.

Ensure effective and collaborative team working in the Board at all time.

Manage the performance of the Managing Director. In this regard, the Chairperson shall maintain regular dialogue with the Managing Director including at least quarterly formal performance review meetings. The Chairperson shall consult with the other Directors promptly over any matters of concern arising from the engagements.

Manage the performance of the Chairpersons of the Board Committees. In this regard, the Chairperson shall maintain regular dialogue with the Chairpersons, including at least bi-annual formal review discussions.

c. Responsibilities. The Chairperson ensures that:

- (i) Consulting with external advisors appointed by the Board;
- (ii) Addressing problems related to the performance of individual Board members; and
- (iii) Addressing internal disputes and conflicts of interest concerning individual Board members, and the possible resignation of such members as a result.

IV. COMPANY SECRETARY

- a. **Company Secretary.** The Company Secretary assists the Board.
- b. **General Access.** All Board members may go to the Company Secretary for advice or to use his or her services.
- c. **Responsibilities.** The Company Secretary shall make sure that the Board follows correct procedures and that the Board complies with its obligations under the Statutes, the General By-Laws of SHELTER-AFRIQUE and Resolutions of the General Meeting. The Company Secretary shall assist the Chairperson of the Board, and the Managing Director, in organising the Board's activities (including providing information, preparing an agenda, reporting of meetings, dissemination of Board Resolutions, evaluations and training programs).
- d. **Board Secretary.** The Company Secretary is the Secretary of the Board.

V. COMMITTEES

- a. **Establishment of Committees.** The Board may appoint committees from among its members to perform specific tasks. The Board shall determine the members of any committee. The Board shall establish committees to deal with matters of investment, audit, finance, administrative issues, human resources, remuneration, risk management, and such as matters as it deems fit. The Board may also appoint ad hoc committees.
- b. **Board Responsibility for Committee Action.** The Board remains collectively responsible for the decisions and actions taken under delegated authority by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Committee recommendations are subject to Board approval.
- c. **Committee Reporting.** Each committee must promptly inform the Board of the actions it has taken and major developments, of which it becomes aware. Each Board member has unrestricted access to all committee meetings and records. The Board shall, as set forth in the terms of reference of the committee concerned, receive a report from the Committee describing the committee's actions and findings.

- d. **Terms of Reference of Committee.** The Board shall establish (and may amend) terms of reference for each Committee. The terms of reference shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties. The terms of reference of a Committee shall require that the Committee has no less than one member who is independent, as defined in Section B.I.d. of this Charter, or who is representing a corporate shareholder.
- e. **Website Disclosure.** The terms of reference and the composition of the Committees shall be posted on SHELTER-AFRIQUE's website.

C. CHAPTER II: DUTIES AND POWERS

The Board shall be responsible for the conduct of the general operations of the Company, and, for this purpose, shall exercise all powers provided for it in the Statutes, the General By-Laws, and the powers delegated to it by the General Meeting.

I. GENERAL DUTIES AND POWERS

- a. **General Responsibilities.** The Board oversees the general business of the Company. The entire Board is responsible for such supervision and oversight.
- b. **Vision, Mission and Core Values.** The Board is responsible for ensuring that the Vision, Mission, Core Values of the Company are in line with the Shareholders' needs and that the culture of the organisation is established and embedded.
- c. **Organisation Strategy.** The Board shall approve the Company's strategy and business objectives and must ensure that it has oversight and is kept current on progress made towards achievement of those objectives.
- d. **The Board Acts in the Interest of the Company.** The Board and individual directors shall act in the best interests of the Company at all times, taking into consideration the interests of the Company's shareholders and other stakeholders. Board members shall perform their duties independently of any particular interest in the Company. Board members should not support one interest without regard to the other interests involved.

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- e. **Quality of Performance.** The Board is responsible for the quality of its own performance.
 - f. **Action in Concert.** As much as they can, within their individual responsibilities as members of the Board, members shall act and speak in concert with respect to important affairs and matters of principle. The Board members are collectively responsible for agreed decisions.
 - g. **Provision on Information.** The Chairperson and the Managing Director (MD) shall see to it that the Management, in a timely manner, provides the Board and its committees with the information they need to properly function.
 - h. **Responsibility for Securing Information.** The Board and its individual members each have responsibility for obtaining all information from the Management and the internal and external auditors needed to carry out their duties. If the Board thinks it is necessary, it may obtain information from officers and external advisers of SHELTER-AFRIQUE. SHELTER-AFRIQUE shall aid the Board in obtaining such information. The Board may require certain officers and external advisers to attend, but never to vote at its meetings.
 - i. **Access to Records.** Each member of the Board shall have access to the books and records of SHELTER-AFRIQUE, if useful, to perform his or her duties. Unless the terms of reference of a committee state otherwise, Board members shall consult with the Chairperson of the Board and the Company Secretary before exercising their rights under this provision.
 - j. **Use of Experts.** The Board may hire experts to assist or advise them. The cost of such experts shall be agreed to by the Board and shall be paid by SHELTER-AFRIQUE. A Board member may rely upon the advice of a relevant expert as long as the member has no reason to question the expert's report or conclusion.
 - k. **Risk Management.** The Board must be satisfied that there is a framework in place to ensure that the Company only takes risks in accordance with its Risk Appetite. In that regard, the Board shall ensure that there is a Risk Appetite Statement in place at all times to inform and assess performance relative to the Bank's Risk Appetite.

- i. Appointment, Evaluation, Compensation and Succession for Senior Management.** The Board is responsible for the effective operation of the Company by appointing, assessing the performance of, compensating and succession planning for the Senior Management Team discharges its duties effectively.
- m. Annual Workplan.** The Board shall prepare or cause to be prepared, an Annual Board Workplan identifying the key Board considerations and actions required in a Board's year and ensuring they are allocated to a relevant meeting(s).

II. DUTIES REGARDING THE SUPERVISION OF MANAGEMENT

- a. Nature of Supervision.** In supervising the Management, the Board shall ensure that:
- (i) It receives regular reports on the implementation of of SHELTER-AFRIQUE's approved strategy from time to time and that it has formal arrangements in place for assessing achievement of operational objectives;
 - (ii) it has adequate assurance at all times about the effectiveness and operation of the Company's internal risk management, and audit and control systems;
 - (iii) Appropriate financial reporting standards are adopted by the Company's Financial Statements;
 - (iv) The Company is in full compliance with applicable laws and regulations at all times.;
 - (v) the Senior Management responsibilities are clearly spelt out through their Job descriptions;
 - (vi) there exists at all times of a Decision Matrix and Financial Regulations clearly setting out the framework for decision making and delegated authorities to the Senior Management;
 - (vii) it establishes a code of conduct for the Managing Director, Senior Management and all employees of the Company establishing clear expectations in relation to ethical, personal and business conduct.

The Board shall oversee the establishment of these expectations through appropriate mechanisms including assessment of the Managing Director and Senior Management Staff against these expectations annually.

- b. **Financial Reporting.** The Board supervises SHELTER-AFRIQUE's financial reporting in accordance with Section C (V) below.
- c. **Annual Risk Review.** At least twice a year, the Board shall discuss SHELTER-AFRIQUE's strategy and business risks, the Management's assessment of the internal risk management and control systems, and any significant changes to such systems.

III. **DUTIES REGARDING THE MEMBERS AND THE PERFORMANCE OF THE BOARD**

- a. **Duties Regarding the Board.** The duties of the Board (in consultation with the appropriate Board committees) include:
 - (i) The nomination of Independent Directors of the Board (the election is made by the General Meeting) and proposals to the general assembly for the compensation of members of the Board;
 - (ii) The election of a Chairperson and Vice-Chairperson of the Board. The tenure for these positions shall be determined by the Board and incumbents shall serve the determined tenure subject to enjoyment of the confidence of the majority of Board Directors.
 - (iii) The establishment of committees and defining their role, the evaluation of the Board, its individual members and its committees (including an evaluation of the induction, education and training program) by an independent/external entity; and,
 - (iv) Addressing any conflicts of interest issues between SHELTER-AFRIQUE and members of the Board.
- b. **Board Self-Assessment.** At least once a year, the Board shall discuss its own activities and those of its individual

members, the effectiveness of such activities, the composition and competence of the Board.

- c. **Board Evaluation.** This exercise shall be done at least once a year to ensure that the Board skills are varied and spread to support the strategy agreed.

IV. CERTAIN OTHER DUTIES OF THE BOARD

- a. **Duties Generally.** The other duties of the Board include:
 - (i) Duties regarding the external auditor as described in Section C.VI. of this Board Charter and the terms of reference of the audit committee; and,
 - (ii) Other duties imposed by the Statutes, the General By-Laws of SHELTER-AFRIQUE, the Resolutions of the General Meeting, and the provisions governing the relationship between the committees and the Board as contained in the Terms of Reference of the committees.
- b. **Annual Report and Accounts.** The Board shall prepare a report of its activities in the financial year, and containing the statements and information required by Statutes of SHELTER-AFRIQUE.

V. SUPERVISION OF FINANCIAL REPORTING

- a. **General Supervision Responsibilities.** The Board, in consultation with the relevant committee(s), supervises compliance with written procedures for the preparation and publication of the annual report and accounts, the quarterly and semi-annual financial reports, and any other financial information. The Board, through the relevant committee, also supervises the internal control and audit mechanisms for external financial reporting.
- b. **Discussion of Financial Reports.** The relevant committee shall regularly, and in any event as soon as possible, provide the Board with the annual report and accounts, and the quarterly and semi-annual financial reports, which will then be discussed at a meeting of the Board. The annual report and accounts for the year just ended shall be discussed in a meeting with the Board within four months of the year end. All semi-annual and quarterly financial reports of SHELTER-AFRIQUE for the respective

period just ended shall be discussed in a meeting with the Board within two months of the end of the period.

- c. **External Auditor.** The Board shall ensure that the external auditor attends the meeting of the Board, at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which the Board decides whether or not to approve the annual accounts.
- d. **Audit Committee is Principal Contact with External Auditor.** The Board's principal contact with the external auditor is through the Chairperson of the Audit Risk and Finance Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the Audit Risk and Finance Committee and the external auditor.
- e. **Recommendations by External Auditor.** The Board shall carefully consider and, if accepted, put into effect any recommendations made by the external auditor. This will include recommendations by the external auditor on SHELTER-AFRIQUE's internal controls, as expressed in the 'Management Letter'.

VI. DUTIES REGARDING NOMINATION AND ASSESSMENT OF EXTERNAL AUDITOR

- a. **Appointment of External Auditor.** The external auditor shall be appointed by the General Meeting. The Board shall nominate a candidate for this appointment to the General Meeting based on an open, transparent and competitive selection process, and may recommend replacement of the external auditor. The Audit Risk and Finance Committee shall advise the Board on such matters.
- b. **Compensation of External Auditor.** The compensation of the external auditor, and instructions to the external auditor to provide non-audit services, shall be closely reviewed and approved by the Board on the recommendation of the Audit Risk and Finance Committee, thus ensuring for the auditor's independence.
- c. **Reports to the Board.** The Audit Risk and Finance Committee shall report their dealings with the external auditor to the Board on an annual basis, including their assessment of the external auditor's independence.

- d. **Assessment.** The Audit Risk and Finance Committee shall conduct a thorough assessment of the effectiveness of the External Audit process at least once in 3 years. The main conclusions of this assessment shall be reported to the Board of Directors.
- e. **Conflicts of Interest.** Conflicts of interest and potential conflicts of interest between the external auditor and SHELTER-AFRIQUE shall be resolved in accordance with the policy determined by the Board on the recommendation of the Audit Risk and Finance Committee. Board members must inform the Chairperson of the Audit Risk and Finance Committee of any matters they know of that may compromise the independence of the external auditor or that may result in a conflict of interest between the external auditor and SHELTER-AFRIQUE.
- f. **Representation by External Auditor.** When appointed, the external auditor shall confirm that it is aware of:
 - (i) SHELTER-AFRIQUE's policy set out in Section C.VI.e; and,
 - (ii) other matters provided for in this Charter and the terms of reference of the audit committee and that s/he agrees to abide by and promote such policies.

VII. COMPENSATION OF BOARD MEMBERS

- a. **Annual Remuneration Report.** The Board shall annually prepare a remuneration report setting out the remunerations paid to the Directors and Senior Management Staff for the past year and an overview of the compensation policy for the next financial year and subsequent years.
- b. **Approval by the General Meeting.** The remuneration planned for the next financial year and subsequent years as specified in the remuneration report shall be submitted to the General Meeting for its approval. Any change to a remuneration policy approved by the AGM shall be submitted to the General Meeting for its approval prior to implementation.
- c. **Extraordinary Compensation.** If a Board member or former Board member is paid special compensation during any

financial year, an explanation of this compensation shall be included in the remuneration report. The remuneration report shall detail and explain any compensation paid or promised to a Board member.

VIII. RELATIONS WITH SHAREHOLDERS

- a. **Information.** The Board shall ensure that all shareholders and relevant stakeholders, including lenders, receive regular updates about any matters it considers are of significance to the performance of the Company, abilities to meet its obligations, or its future stability.
- b. **General Meeting; Record Date, Venue.** The Board shall determine the date and place of any General Meeting and a record date for the exercise of the voting and any other rights attached to SHELTER-AFRIQUE's shareholding at such meeting. Unless there is an overriding Company interest to act otherwise, the Board shall use its best efforts to provide shareholders with all information necessary or requested for the shareholders to properly act at the General Meeting.
- c. **Compliance with Law.** The Board shall ensure all laws are complied with, regarding the rights of the General Meeting and of individual shareholders.
- d. **Attendance by Board Members.** The Chairperson shall ensure that (unless there are important reasons) all the members of the Board shall attend General Meetings.
- e. **Chairperson of General Meetings.** The General Meetings are presided over as specified by the Statutes of SHELTER-AFRIQUE or resolution of a General Meeting.
- f. **Disclosure of Resolutions.** A resolution of the General Meeting may be publicly disclosed only through a statement from the Chairperson of the General Meeting or the Company Secretary.
- g. **Changes to Corporate Governance.** Any substantial change to the corporate governance structure of the Company shall be submitted to the General Meeting for discussion under a separate agenda item.
- h. **Attendance by external auditor.** The Board shall ensure that the responsible partner (or certifying auditor) of the

external auditor attends the general assembly and is available to address the meeting. The external auditor may be questioned by the general assembly in relation to the audit of the Company's financial statements.

D. CHAPTER III: BOARD MEETINGS; DECISION-MAKING

I. FREQUENCY, NOTICE, AGENDA AND VENUE OF MEETINGS

- a. Frequency.** The Board shall meet as often as necessary, but not less than two times a year unless otherwise provided by the Statutes and/or the General By-Laws of SHELTER-AFRIQUE. If possible, meetings shall be scheduled annually in advance according to an annual Board calendar. The Board shall meet earlier than scheduled if deemed necessary, in accordance with the provisions of the Statutes.
- b. Notice and Agenda**
 - (i) Meetings of the Board are called by the Company Secretary. The Agenda for the meeting shall be sent within the time limits set by the Statutes and/or the General By-Laws of SHELTER-AFRIQUE. For each item on the agenda, an explanation in writing shall be provided and related documentation attached. The Chairperson shall consult with the Managing Director (MD) prior to convening the meeting on the content of the agenda. Each Board member and the MD has the right to request that an item be placed on the agenda of a Board meeting; provided that the item is notified to the Chairperson at least ten working days prior to the meeting.
 - (ii) Board members who have taken part in a meeting may not object to resolutions adopted at the meeting on grounds of an invalid notice.
- c. Venue.** Meetings of the Board of Directors are generally held at the principal offices of SHELTER-AFRIQUE but may also take place elsewhere. In addition, meetings of the Board may be held by conference call, video conference, email exchange, or by any other means of communication, provided all participants can communicate with each other simultaneously.

II. ATTENDANCE OF AND ADMITTANCE TO MEETINGS

- a. **Attendance by Managing Director and Senior Management Officers.** The Managing Director and Senior Management Officers of the Company, shall attend Board meetings unless the Board instructs any of the persons not to attend.
- b. **Proxies.** A Board member, who is not an independent Director, may be represented at Board meetings by another Board member holding a proxy in writing. The existence of such authorisation must be proved satisfactorily to the Chairperson of the meeting and/or the Company Secretary.
- c. **Undue Absence.** If a Board member is absent from two consecutive Board meetings, she/he shall be required to explain such absences to the Chairperson through the Company Secretary. Three consecutive absences shall be ground for the Board to treat the seat as a casual vacancy and recommend to the General Meeting replacement of the Board Director.
- d. **Attendance by Non-Members.** The admission to a meeting of persons other than Board members, the MD, the Company Secretary, Senior Management Officers and (if invited) other staff, shall be decided by the Chairperson of the Board.

III. CHAIRPERSON OF THE MEETING, REPORTS

- a. **Chairperson.** Board meetings are presided over by the Chairperson of the Board or in his or her absence, the Vice-Chairperson. If both are absent, one of the other Board members, designated by majority vote of the Board members present at the meeting shall preside.
- b. **Report.** The Company Secretary (or in his or her absence, any other person designated for such purpose by the Chairperson of the meeting or the Managing Director) shall prepare a report of the meeting. The report shall describe the decision-making process at the meeting. The report shall be adopted by the Board at the next meeting.

IV. DECISION-MAKING WITHIN THE BOARD

- a. **Preference for Unanimity.** The Board members shall try to unanimously adopt Resolutions. However, Board members may voice dissenting opinions and record these in the Minutes and/or Resolutions when unanimity cannot be reached.
- b. **Individual Vote.** Each Board member has the right to cast one vote.
- c. **Majority Vote; Quorum.** Where unanimity cannot be reached and the Statutes, the General By-Laws, or this Charter do not prescribe a larger majority, all Resolutions of the Board are adopted by a simple majority of the votes cast. In the event of a tie, the Chairperson of the Board has the deciding vote. At a meeting, the Board may only pass Resolutions if a quorum of the Board members is present or represented. Board Resolution should show the names of the Directors stating who voted in favour and against for record purposes.
- d. **Adoption at Meeting.** Resolutions of the Board and Recommendations of a Committee of the Board are adopted at a Board meeting or Committee meeting held at any place, or via circulation.
- e. **Minutes.** Minutes must be drawn up for every Board and Committee meeting and for every Resolution adopted. The minutes should be ready and circulated as soon the meeting has taken place, and no later than three (03) weeks after the said meeting. The minutes are to be signed by the Chairperson of the meeting after their prior certification by the Company Secretary. The latter shall be responsible for facilitating the signatures no later than the last day of the subsequent physical meeting then added to the records of SHELTER-AFRIQUE. Each member of the Board shall receive a copy of the minutes, which should include the filing of the signed minutes in the electronic communication and information system used by the Board. Each member of the Board may demand a note explaining how s/he voted or that a formal declaration by him be included in the minutes. Urgent Resolutions may be drawn up and adopted immediately in the relevant meeting.

- f. **Certification of Resolutions/Disclosure.** A resolution adopted by the Board may be publicly disclosed only through a statement from the Chairperson of the Board and/or the Company Secretary.

V. VIRTUAL MEETINGS AND ELECTRONIC RESOLUTIONS

- a) The Board and/or Committee of the Board may meet virtually using electronic media;
- b) Management recommendations may be circulated to the Board of Directors and Committees of the Board electronically;
- c) Board Directors will be given, by the Company Secretary, a maximum of five (05) days in order to address the file circulated, and proceed with a vote (in favour, against, or abstention). In case no response (vote in favour, against, or abstention) is communicated to and received by the Company Secretary within the above-mentioned timeline, it will be considered that the Board Director is agreeable with the Resolution, and, therefore, his/her vote in favour will be recorded by the Company Secretary. The Board Resolution or Committee Recommendation will be based on majority approval (more than 50%);
- d) Management shall proceed to implement a Board decision or Resolution supported by a majority of members;
- e) Decisions and/or Resolution made by the Board in a virtual meeting or by circulation shall be reported to the full Board or ratified at its next face-to-face meeting.

E. CHAPTER IV: OTHER PROVISIONS

I. CONFLICTS OF INTEREST OF BOARD MEMBERS

Board members and Management are not allowed to enter into related party transactions which by nature are conflict of interests or potential conflicts of interest that have a direct or indirect financial beneficial interest. All other conflicts of interest must be disclosed to the Board

- a. **Duty to Disclose.** A Board member shall immediately report to the Chairperson of the Board any conflict of interest or potential conflict of interest, and shall provide all relevant

information, including information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board member concerned shall not take part in the assessment by the Board of any matter where a conflict of interest exists.

b. Related Party Transactions. A potential conflict of interest exists if SHELTER-AFRIQUE intends to enter into a transaction with a related party, and SHELTER-AFRIQUE shall develop a policy on how to ensure that the rights of shareholders are protected during such transactions. A related party includes the following:

1. The Board members of SHELTER-AFRIQUE, affiliated or sister companies and associates.
2. Any subsidiary or affiliated Company that is not wholly owned.
3. The Managing Director and Senior Management Officers, including anyone who directly reports to the Board or the Managing Director.
4. Any significant shareholder owning or controlling more than 10% of the voting shares having time ability to control or exercise a significant influence in the outcome of Resolutions voted on by shareholders or directors of SHELTER-AFRIQUE, its affiliated or associated companies.
5. The father, mother, sons, daughters, husband, or wife of any of the natural persons listed in Clauses (a, b and c).
6. Any business, and the directors, Managing Director and key officers of any business, in which the natural persons listed in paragraphs (1) to (5) own jointly or severally at least 20% of the voting rights.
7. Any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in paragraphs (1) to (6).

c. Abstention by Conflicted Party. A Board member shall not take part in any discussion or decision-making regarding

any subject or transaction, in which s/he has a conflict of interest with SHELTER-AFRIQUE.

- d. **Requirements to Approve Conflicts of Interest.** All transactions in which there are conflicts of interest with Board members shall be agreed on terms that are customary for arm's-length transactions in SHELTER-AFRIQUE's business. Decisions to enter into transactions in which there are conflicts of interest with Board members require the approval of the Board.

II. COMPENSATION OF BOARD MEMBERS

- a. **Approval by General Meeting.** The compensation of the Board members is determined by the General Meeting. The Board shall submit proposals on its compensation to the General Meeting for each separate category of Directors.
- b. **Reimbursement of Costs.** Apart from their compensation, Board members shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. The reasonableness of such costs shall be approved by the Chairperson of the Board (costs incurred by the Chairperson of the Board shall be approved by the Vice-Chairperson). Any other expenses shall be reimbursed only if incurred with the prior consent of the Chairperson or the Company Secretary on his or her behalf (or if it concerns the Chairperson, the Vice-Chairperson or the Company Secretary on his or her behalf) and are in accordance with the general principles of a Compensation Policy to be approved by the General Meeting.

III. INDUCTION PROGRAM, ONGOING TRAINING AND EDUCATION

- a. **Induction Program.** Upon his or her election, each Board member shall participate in an induction program that covers SHELTER-AFRIQUE's strategy, general financial and legal affairs, financial reporting by SHELTER-AFRIQUE, Statutes and Policies of SHELTER AFRIQUE, any specific aspects unique to SHELTER-AFRIQUE and its business activities, and the responsibilities of a Board member, and governance.
- b. **Annual Review of Training.** The Board shall conduct an annual review to identify areas where the Board members require further training or education.

- c. **Costs.** The costs of the induction course and any training or education shall be paid for by SHELTER-AFRIQUE.

IV. OTHER POSITIONS

- a. **No Excess Memberships.** Members of the Board shall limit their other positions so as to ensure they can perform their duties as members of the Board. Outside directorships are capped at three Board seats.
- b. **Notice of Outside Positions.** Board members must inform the Chairperson of the Board and the Company Secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. If the Chairperson determines that there is a risk of a conflict of interest, the matter shall be discussed by the Board in accordance with Section E.I. of this Charter. The Company Secretary shall keep a list of the outside positions held by each Board member.

V. CONFIDENTIALITY

- a. **Duty to Keep Information Confidential.** Unless required to do so by law, no Board member shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of SHELTER-AFRIQUE and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for SHELTER-AFRIQUE and which s/he knows or should know to be of a confidential nature. A Board member may disclose such information to fellow Board members as well as to staff members of SHELTER-AFRIQUE and companies in which SHELTER-AFRIQUE holds a stake who, in view of their activities for SHELTER-AFRIQUE and companies in which SHELTER-AFRIQUE holds a stake, should be informed of the information. A Board member shall not use such confidential information for his or her personal benefit.
- b. **Return of Confidential Information.** At the end of each Board member's term of office, s/he shall return all confidential documents in his or her possession to SHELTER-AFRIQUE or guarantee their disposal in a manner that ensures confidentiality is preserved. The Company Secretary shall endeavour to enforce this provision.

- c. **Notice of Disclosure.** If a Board member intends to disclose to third parties information which she/he has become aware of in his or her duties and which may be confidential, she/he must inform the Chairperson of his or her intent and the identity of the person who is to receive the information with sufficient notice for the Chairperson to assess the situation and advise the Board member. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are clearly only intended for the Board.

VII. MISCELLANEOUS

- a. **Acceptance by Board Members.** Anyone who is appointed as a Board member must, upon assuming office, declare in writing to SHELTER-AFRIQUE that s/he accepts and agrees to comply with the provisions of this Charter. A corresponding reference to this extent is included in a director's appointment letter.
- b. **Occasional Non-Compliance.** If permitted by law, the Board may occasionally decide (by unanimous decision) at its sole discretion not to comply with the provisions of this Charter. Such non-compliance shall be noted in the Annual Report to Shareholders.
- c. **Amendment.** This Charter may be amended by the Board and such amendments shall be reported to the next General Meeting.
- d. **Interpretation.** In case of uncertainty or difference of opinion how a provision of this Charter should be interpreted, the opinion of the Company Secretary should be advisory, if required, by any Board member, the opinion of an independent legal professional shall be considered to be final/decisive.
- e. **Partial Invalidity.** If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this Charter is, to the greatest extent possible, similar to that of the invalid provisions.

F. ANNEX 1: LIST OF APPROVALS REQUIRED BY BOARD

The approval of the Board is required for:

- I. All material transactions between SHELTER-AFRIQUE and natural or legal persons who hold at least 10% of the shares in SHELTER-AFRIQUE;
- I. A Resolution on the operational and financial aims of SHELTER-AFRIQUE, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy;
- II. All material transactions in which there are conflicts of interest with Board members;
- III. Appointment and removal of a Managing Director and Senior Management;
- IV. The appointment and removal of the Company Secretary subject to Statutory provisions;
- V. The remuneration policy for senior management in general and MD, subject to Statutory provisions;
- VI. Approval of all Terms of Reference of the Board committees and Management Committees, Code of Conduct, Internal Audit Charter, Internal Procedure Manual;
- VII. Approval of the revision of all SHAF policies;
- VIII. The approval of annual capital investment budget, all acquisitions and disposals of business activities whose sales exceed US\$100,000;
- IX. All financial statements before publication, and, all other acts that require the approval by the Statutes and By-Laws of SHELTER-AFRIQUE, or Resolutions of the General Meeting, or the provisions governing the relationship between the committees and the Board as contained in the Terms of Reference of the committees, or this Charter.

G. ANNEX 2: POLICY REGARDING INDEPENDENT EXTERNAL AUDITOR

The Policy set out below was adopted by the Board on _____ (date), on a proposal of the Audit Risk and Finance Committee.

I. POLICY

SHELTER-AFRIQUE and its subsidiaries shall use the services of the external auditor only to the extent this does not prejudice the independence of the external auditor.

II. TERMS OF REFERENCE

The external auditor must be independent. These regulations are based on the principles that:

- i. the external auditor must be independent from the client audited, both in mind as in appearance; and,
- ii. an external auditor is someone who is able, in the light of all relevant facts and circumstances, to form an objective and impartial opinion on all matters that fall within the scope of his or her assignment.

An external auditor is not allowed to perform a statutory audit if s/ he has financial, commercial, employment or other ties with the client that in the opinion of a reasonable and properly informed third party expert compromise the auditor's independence.

SHELTER-AFRIQUE may require from the external auditor that s/ he maintains the right balance between effectiveness and efficiency, e.g. audit costs, risk management, independence and reliability. The audit committee is mandated in its terms of reference to see to it that the external auditor complies with the relevant provisions of the Statutes and the General By-Laws of SHELTER-AFRIQUE, Resolutions of the General Meeting, applicable Laws, and may request more detailed explanations and written confirmations from the external auditor that these provisions are followed.

In addition to the audit work, the external auditor of SHELTER-AFRIQUE may also carry out non-audit work, to the extent allowed under SHELTER-AFRIQUE 's Statutes and General By-Laws, and applicable legislation and regulations, and the internal procedures of SHELTER-AFRIQUE. The non-audit work shall not jeopardise the independence of the external auditor. In no

event, shall the individuals performing the audit work engage in any non-audit work. All audit and non-audit work (including fees and conditions) carried out by the external auditor for SHELTER-AFRIQUE must be approved in advance by the Board at the proposal of the audit committee. The Board may, within the framework set by the Board, delegate this duty to the audit committee that in turn, in exceptional circumstances only, may delegate this power to its chairperson, on the understanding that a decision by the chairperson of the audit committee to give his or her approval will be presented to the full audit committee at its next meeting.

III. WORK

a. Audit Work

Audit work is the audit of the annual financial reports of SHELTER-AFRIQUE, the assessment of interim financial reports that are disclosed, services that are traditionally provided by the external auditor and that are related to findings and obligations under legislation or regulations SHELTER-AFRIQUE Statutes, and services that only the external auditor can reasonably provide. The external auditor does not need to go through a tender process for each individual engagement.

b. Non-Audit Work

For non-audit work of the external auditor other than:

- (i) services that can only be provided by the external auditor;
- (ii) services that are an extension of the work performed as part of the audit of SHELTER-AFRIQUE or rely on work performed as a part of the audit such that the quality and timeliness of the services can most effectively be provided by the external auditor or;
- (iii) services that enhance the effectiveness of the external auditor's examination of SHELTER-AFRIQUE's financial statements.

The Board shall on the proposal of the Audit Risk and Finance Committee set one or more financial thresholds.

For non-audit work by the external auditor that is expected to exceed these thresholds, a very strong rationale must be presented to support the selection of the external auditor and alternative service providers should be considered.

For further explanation whether certain activities should be considered audit work or non-audit work and whether certain non-audit activities fall under any of the categories listed above, the head of the internal audit department should be contacted who, when in doubt, will consult the chairperson of the audit committee.

IV. ROTATION OF PARTNERS RESPONSIBLE FOR AUDIT WORK

In order to prevent the external auditor and SHELTER-AFRIQUE becoming too close, the number of years a person may be part of the audit team of the external auditor, is capped.

Partners of the audit team of SHELTER-AFRIQUE who are charged with essential audit tasks must be replaced at most every three year(s) after the start of their involvement. The partners of the audit team of SHELTER-AFRIQUE charged with essential tasks who have been replaced are not allowed to work on a new assignment for SHELTER-AFRIQUE until at least three years have expired from the date of their replacement.

The audit committee shall also supervise the risks of dependency of other members of the audit team of SHELTER-AFRIQUE who are involved with the audit for a significant period. The audit committee shall consult the responsible partner of the external auditor regularly on safeguards set up by the external auditor to assess the risk of dependency and to reduce it to an acceptable minimum level.

V. APPOINTMENT OF THE EXTERNAL AUDITOR

The external auditor shall be appointed in accordance with Section C.VI. of the Board Charter as read with the relevant provisions of the Statutes of SHELTER-AFRIQUE. If the decision is taken to call in the services of another external auditor, the tender process approved by the audit committee shall be followed.

VI. STAFF TRANSFER RESTRICTIONS

SHELTER-AFRIQUE and the external auditor shall agree on a policy regarding the restriction of staff transfers from SHELTER-AFRIQUE and its group to the organisation of the external auditor and vice-versa, taking into account all relevant legislation and regulations.

This policy is subject to the approval of the Board. In no event, however, shall SHELTER-AFRIQUE hire an audit partner or other senior member of the audit staff of the external auditor if such person audited, conducted a review of or prepared SHELTER-AFRIQUE's financial statements during the previous one year, in particular as SHELTER-AFRIQUE's CFO.



SHELTER AFRIQUE

Financing Affordable Housing for Africa

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