

# LA SENTINELLE LTD

## BOARD CHARTER

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## **1. INTRODUCTION**

The Board Charter of La Sentinelle Ltd (“the Company”), sets out the objectives, roles and responsibilities and composition of the Board. This Board Charter should be read in conjunction with the Company’s Constitution. The Company’s Constitution remains the fundamental document and shall always prevail.

This Charter is posted on the Company’s website as recommended by the Board.

## **2. OBJECTIVES**

The objective of the Board is to define the purposes, strategies and values and determine all matters relating to the directions, policies, practices, management and operations of La Sentinelle Group and all its subsidiaries locally and abroad (collectively the “Group”). The Board would ensure that the Company and its subsidiaries are being managed in accordance with the directions and delegations of the Board. The Board has also the duty to monitor the ethical conduct of its directors, senior managers of the Group and of the subsidiary companies.

## **3. COMPOSITION**

- 3.1.** The Board is a Unitary Board and shall comprise of an appropriate balance of executive, non-executive and independent directors and in any case shall consist of at least one (1) executive director and at least two (2) independent directors.
- 3.2.** The Board shall consist of a minimum of five (5) and a maximum of eight (8) directors.
- 3.3.** Board members should be qualified for their positions, have a clear understanding of their role and be able to exercise sound judgement about the affairs of the Group. Board composition is reviewed to ensure that non-executive directors between them bring the range of skills, knowledge, competencies and experience necessary to direct the Group going forward.
- 3.4.** The Board shall use its best efforts to ensure that the Chairperson of the Board is independent.
- 3.5.** The Board shall use its best efforts to ensure that the Board of Directors is comprised from both genders.

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

- 4.1.** The appointment process is exercised by the Board which recommends members to be appointed and /or re-elected.

4.2. The Board has a formal and transparent policy in respect of directors' remuneration.

4.3. The Board evaluates the performance of its Directors every two (2) years and monitors the Board Performance in the realization of strategic goals.

**4.4. Appointment of Directors**

(a) The Directors shall be the persons appointed from time to time as Directors by ordinary resolution of the shareholders and who have not resigned or been removed or disqualified from office under the Constitution.

(b) A resolution to appoint two or more Directors may be voted on one resolution without each appointment being voted individually.

(c) A Director shall remain in office for a maximum of one (1) year. Each Director shall retire from office but shall be eligible for re-election at the next Annual Meeting following the expiry of this period.

**4.5 Directors may fill up Casual Vacancy**

(a) The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. The Director appointed to fill up the vacancy or as an addition to the existing Directors shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election.

(b) The continuing Directors shall act notwithstanding any vacancy on the Board. If their number is reduced below the number of fixed by, or pursuant to, the Constitution as the minimum number of Directors, the continuing Directors will act only for the purpose of summoning a General Meeting of the Company.

**5. DISQUALIFICATION AND REMOVAL OF DIRECTORS**

A person will be disqualified from holding the office of Director if he:

(a) Is removed by Ordinary Resolution passed at a General Meeting Called for that purpose; or

(b) Resigns in Writing and is not reappointed in accordance with the Constitution; or

(c) Becomes disqualified from being a Director pursuant to section 133 of the Companies Act 2001; or

- (d) Is (or would, but for the repeal of Section 117 of the Companies Act 1984, be) prohibited from being a Director or promoter of, or being concerned with or taking part in the management of a Company under Section 337 or 338 of the Companies Act 2001; or
- (e) Dies; or
- (f) Attains or is over the age of seventy (70) years (but subject always to Section 138 of the Companies Act 2001); or
- (g) Is under eighteen (18) years of age; or
- (h) Is an undischarged bankrupt; or
- (i) If he absents himself from the meetings of the Board for more than 3 consecutive meetings without leave.

## **6. ALTERNATE DIRECTORS**

- (a) Every Director may, by notice given in Writing to the Company and subject to the approval of the Board, recommend for appointment by the Board any person (including any other Director) to act as an Alternate Director in the Director's place, either generally, or in respect of a specified meeting or meetings at which the Directors is not present.
- (b) The aforesaid Director may, at his discretion, by the notice in writing to the Company, remove his Alternate Director.
- (c) An Alternate Director may, while acting in the place of the Director, represent, exercise and discharge all the powers, rights, duties and privileges (but not including the right of acting as Chairperson) of the Director. The Alternate Director shall be subject, in all respects, to the same terms and provisions as those regarding the appointment of the Director, except as regards remuneration and the power to appoint an Alternate Director under the Constitution
- (d) A director who is also an Alternate Director shall be entitled, in addition to his own vote, to a separate vote on behalf of the Director he is representing.
- (e) An Alternate Director's appointment shall lapse upon his appointing Director ceasing to be a Director.
- (f) The notice of appointment of an Alternate Director shall include an address for services of note of meetings of the Board. Failure to give an address will not invalidate the appointment, but notice of meetings of the Board need to be given to the alternate Director until an address is provided to the Company.
- (g) An alternate Director shall not be the agent of the Director, and shall exercise his duties as a Director independently of the Director.

## **7. MEETINGS**

- 7.1. The Board must determine the frequency of the Board meetings, which shall be at least once per quarter.
- 7.2. The quorum for Board Meetings shall be four (4) of the directors in office.
- 7.3. Meetings are convened, wherever possible, so that directors are able to attend and participate in person. Where personal attendance by some or all directors is not possible, meetings may be convened and conducted by means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

## **8. METHOD OF HOLDING MEETINGS**

A meeting of the Board shall be held either;

- (a) By a number of the Directors who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
- (b) By means of audio, or audio and visual, communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

## **9. ROLE AND RESPONSIBILITIES**

The Board is ultimately responsible for the affairs of the Company and for providing effective corporate governance. The delegation of power or authority to any Committee or Sub-Committee does not discharge the responsibility of the Board in respect of the actions and decisions of the Committee or Sub-Committee.

## **10. STRATEGY**

- (a) The Board shall approve the strategic goals and objectives, policies and corporate values and, ensure that they are communicated throughout the Company and the Group.
- (b) The Board must retain full and effective control over the Company and its financial resources and is responsible for monitoring management in respect of implementation of Board plans, decisions and strategies.
- (c) The Board shall exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the Company and its subsidiaries so as to achieve sustainable results for the Group.

- (d) The Board shall keep track of the competitive position of the Company and its subsidiaries and the evolution of main competitors in its industry.
- (e) The Board shall encourage a culture that promotes ethical behaviours throughout the Group.

## **11. CONTROL AND RISK**

- (a) The Board is responsible for setting principal policies in respect of risk and conduct of business for the Group.
- (b) The Board must regularly monitor that senior management and officials are conducting the business in accordance with such policies.
- (c) The Board shall ensure that clear lines of responsibility and accountability exist and are enforced throughout the Group.
- (d) The Board shall ensure that there is appropriate oversight by management consistent with Board policy and decisions.
- (e) The Board shall ensure that procedures and practices are in place that protects the Group's assets and reputation. It shall therefore review policies, programmes, processes and procedures on a regular basis to ensure effectiveness of the Group's internal control systems.
- (f) The Board has the duty of ensuring that the Group complies with all the relevant laws, regulations and codes of business practice.
- (g) The Board shall satisfy itself that appropriate audit arrangements are in place and operating effectively.

## **12. FINANCIALS**

The Board is responsible for:

- (a) Approval of the quarterly accounts ensuring that they have been prepared using the appropriate accounting policies and standards and fairly presents the state of affairs of the Group and any other information for disclosure.
- (b) Approval of major capital expenditures, acquisitions and divestments.
- (c) Declaration of dividends when appropriate and determine the amount of dividend to be declared and to be paid.
- (d) Approval of the budget on an annual basis.

## **13. INTERESTS OF THE SHAREHOLDERS AND OTHER STAKEHOLDERS**

### **13.1 When carrying out its roles the Board should consider:**

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

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

**13.3.** The Board shall encourage shareholders to attend all meetings of shareholders.

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

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

## **14. ROLE AND FUNCTION OF THE CHAIRPERSON**

### **14.1. Election**

The Chairperson is elected by his or her fellow directors.

### **14.2. Duties**

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

### **14.3. Responsibilities**

The main responsibilities of the Chairperson can be summarised as follows:

#### **14.3.1. Strategy and Management of the Company**

- To ensure that the Board is effective in its tasks of setting and implementing the Group's direction and strategy.
- To co-ordinate the Committees to ensure that appropriate policies, processes and procedures are in place for the effective management of the Group.
- To ensure that the decisions of the Board are executed.

- To verify and to sign the Statement of Compliance to be filed with the Financial Reporting Council along with a director to confirm whether the Company has complied fully, partially or has not complied with the Code of Corporate Governance.

#### **14.3.2. Leadership**

- To provide overall leadership to the Board, be impartial and resolve differences in the most constructive manner, whilst encouraging and ensuring the active participation of all directors in discussions and Board matters.
- To participate in the selection of the Board members whilst ensuring that the Board has an appropriate mix of competencies, experience, skill and independence.
- To provide support and supervision to the CEO.
- To participate in succession planning for the Board.

#### **14.3.3. Presiding and conducting meetings effectively**

- To set the agenda for Board meetings, therefore giving the meetings their direction and scope and liaise with the Company Secretary to ensure full participation.
- To preside over the Board meetings and shareholders' meetings of the Company and to ensure that the Meetings are properly held.
- To ensure that Board meetings take place regularly and that all the relevant information, facts and figures are placed before the Board to enable the directors to reach informed decisions.
- To ensure that meetings are planned effectively, conducted according to the constitution and that matters are dealt with in an orderly and efficient manner.
- To ensure that proper minutes are taken and kept. To sign the minutes of Board meetings and shareholders' meetings jointly with the Secretary. Minutes which have been signed by the Chairperson of the meeting are prima facie evidence of the proceedings.

#### **14.3.4. Relations with Shareholders**

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

#### **14.3.5. Induction, Development, Succession and Performance Evaluation**

- To ensure that newly appointed directors participate in an induction program with the support of the Company Secretary and Senior Managers.
- To ensure that the development needs of the directors are identified and appropriate training and development opportunities be provided to continuously update the skills and knowledge of the directors so that they fulfill their role on the Board and its Committees.

- To promote the effectiveness of the Board as a team.
- To oversee a formal succession plan for the Board, CEO and certain senior management positions.

#### **15. ROLE OF EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

- (a) Non-Executive and Independent directors shall collectively contribute to the development of the strategy, analyse and monitor the performance of management against agreed objectives. They may request additional information where they consider that information is necessary to support informed decision-making.
- (b) Non-Executive and Independent directors shall collectively provide independent judgment in all circumstances.
- (c) Non-executive and independent directors should individually inform themselves about the subject matter of all decisions they are called upon to make as directors of the Group.
- (d) Non-Executive and independent directors are expected to maintain the skills required to discharge their obligations to the Company and to the extent necessary newly appointed directors may request suitable induction opportunities which would be made available to them, upon request.
- (e) All directors are expected to take reasonable steps to satisfy themselves that financial information released to the public and shareholders is accurate and that the Company has adequate and proper financial controls and systems of risk management.
- (f) All directors are bound by fiduciary duties and duties of care and skill.
- (g) Executive directors must always manage the conflict between their management responsibilities and their fiduciary duties as a director in the best interests of the Group. Executive directors have the additional responsibility of ensuring that the information laid out before the Board is accurate and a true representation of their understanding of the Group's affairs.

## **16. ROLE OF COMPANY SECRETARY**

The main responsibilities of the Company Secretary can be summarized as follows:

### **(a) Compliance**

**16.1.1.** To ensure that the Company complies with its Constitution, all relevant statutory and regulatory requirements, Codes of Ethics, Policies and Procedures established by the Board.

**16.1.2.** To inform Board of all legislations relevant to or affecting the governance requirements of the Group including organization and conduct of meetings of shareholders and directors.

**16.1.3.** To continually review developments in corporate governance.

**16.1.4.** To keep informed of all amendments in the Companies Act 2001 or any new legislation eventually replacing it.

**16.1.5.** To maintain a share register

### **(b) Board members - Appointment, Guidance and Development**

**16.2.1.** To ensure that procedures for the appointment of directors are properly followed.

**16.2.2.** To facilitate the proper induction of directors and to ensure their participation.

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

**16.2.4.** To act as a channel of communication and information for all directors.

**16.2.5.** To assist the Chairperson in governance processes such as Board, Committee evaluation and succession planning.

### **(c) Organisation of Meetings of the Company**

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

**16.3.2.** To ensure that there is a quorum for meetings.

**16.3.3.** To take minutes of Board/Annual meetings and circulate draft minutes to all members within ten (10) working days of the last meeting and to ensure that the minutes of proceedings of Board meetings and meetings of shareholders as well as resolutions of the Board are properly maintained.

**16.3.4.** To ensure that Annual and Special Meetings of Shareholders are held in accordance with the requirements of the Companies Act 2001 and the Company's Constitution

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

**(d) Communication with the Shareholders**

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

**16.4.2.** To communicate with shareholders and arrange payment of dividends and/or interest, issuing documentation regarding corporate events being undertaken by the Group such as rights and bonus issues and maintaining good shareholder relations.

**16.4.3.** To keep a record of all correspondence with shareholders.

## **17. BOARD COMMITTEES**

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

The roles of Chairperson of Committees shall, as far as it is practical, be well distributed among the directors so that no individual director is burdened with too many Committees. It is recommended that, as far as is possible, all Board Committees be chaired by an independent non-executive director.

Board Committees shall comprise exclusively Board members. However, non-directors may be invited to attend the Committees.

The Board has established an Audit & Risk Committee. All other responsibilities, including Governance, Risk Monitoring, Remuneration and Strategy remain board responsibilities.

Proceedings of Committees shall be reported to the Board to allow other directors to be accurately informed and seek clarifications from the Committee members, if so required.

Committees must have timely access to the resource and information necessary for them to fulfill their duties. This will include secretarial and administrative support, as well as resources such as legal advisers and outside specialists, as and when necessary. Management and staff should be advised that they must cooperate with the Committees and supply all information as required in a timely manner.

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

## **18. OTHER PROVISIONS**

### **(a) Professional Advice**

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

### **(b) Conflict of Interests**

- Transactions between the Group and its directors or shareholders may be sources of conflicts of interest.
- The personal interests of a director, or persons closely associated with the director must not take precedence over those of the Group and its shareholders.
- A director should use his/her best effort to avoid conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest.
- A director shall forthwith after becoming aware of the fact that he/she is interested in a transaction or proposed transaction with the Group, disclose same to the Board and cause same to be entered in the Interests Register.
- The Board has developed a corporate code of ethics that addresses issues that relate, inter alia, to conflicts of interest, particularly relating to directors and managers and officials.

### **(c) Access to information**

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

### **(d) Reporting**

- All matters likely to have an impact on the affairs or reputation of the Group and its subsidiaries shall be reported by the Chairperson of the respective Committees to the Board of the Group.
- The Board shall deal with and take appropriate decisions with respect to all significant matters brought up by the different Committees and subsidiaries of the Group.



**19. CORPORATE GOVERNANCE MATTERS**

The Group Human Resource Director is responsible for ensuring that the Board Charter is updated and is to assist in the compilation of all reports pertaining to Corporate Governance.

One Director will have front line responsibility for all Corporate Governance matters.

**Approved by the Board of Directors on .....**