

CAPITAL HOTELS PLC

BOARD CHARTER

1.0 INTRODUCTION

The charter sets out the board's role and responsibilities as well as the requirements for its composition and meeting procedures.

2.0 PURPOSE OF THE BOARD

The Board shall comply with the provisions of the Companies and Allied Matters Act, the Securities and Exchange Commission Code of Corporate Governance as well as the company's Articles. The business affairs of the Company shall be managed by the Board of Directors.

The main purpose of the board is to provide entrepreneurial, strategic and ethical leadership to the company, ensure that management is acting in the best interest of owners and other stakeholders through the board's advisory and monitoring roles, and in the process enhance and sustain the prosperity of the company over time.

Matters Reserved for the Board

The following matters are reserved for the Board to determine and/or approve, save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to a committee of the Board.

Structure and Capital

The below stated actions shall remain within the sole purview of the Board. Subject to ensuring that all necessary approvals are sought and obtained relating to changes to Capital Hotel's structure including increase in share capital, reduction of capital and share buy backs shall be considered.

Major changes to Capital Hotel's corporate structure.

Changes to Capital HOTEL's management and control structure.

Any changes to Capital HOTEL e.g listings or changing its status to a public company.

3.0 MEMBERSHIP

3.1 Composition of Board

The Board shall not have more than thirteen members, majority of whom shall be non-executive directors of the Company, with at least one being an Independent Non-Executive Director. The Board shall be headed by a Chairperson.

The board will ensure that it will be sufficient in number and expertise at all times to lead and control the Company and to be responsible to shareholders for strategically setting the direction of the Company.

3.2 Appointment and removal of Directors

Directors shall be duly appointed and removed as provided for under the Companies and Allied Matters Act.

The Nomination Committee shall assist with the process of identifying suitable candidates to be proposed to shareholders for appointment as directors.

3.3 Casual Vacancy

The board of directors shall have power to appoint new directors to fill any casual vacancy arising out of death, resignation, retirement or removal.

Where a casual vacancy is filled by the directors, the person may be approved by the General Meeting at the next Annual General Meeting, and if not so approved, he shall forthwith cease to be a director.

The directors may increase the number of directors so long as it does not exceed the maximum allowed by the articles, but the general meeting shall have power to increase or reduce the number of directors generally and may determine in what rotation the directors shall retire: Provided that such reduction shall not invalidate any prior act of the removed director

3.4 Chairperson

The chairperson shall at all times be an independent non-executive director.

The chairperson shall be appointed by the board every year after carefully monitoring his/her independence and factors that may impair his/her independence.

The Chairperson shall not sit on any Board Committee.

The function of the Chairperson includes:

- a) The Chairperson's primary responsibility is to ensure effective operations of the Board such that it works towards achieving strategic objectives. He should not be involved in the day -to -day operations of the company. (The day-to-day operation of the Company is the responsibility of the Chief Executive Officer and the management team).
- b) The position of the Chairman and the CEO shall be separate and held by two Individuals at all time. S.5.1(b) of Code of Corporate Governance of Securities Exchange Commission.
- c) And all other duties contained in s. 5(1) of the Code of Corporate Governance of Securities & Exchange Commission.

3.5 The Chief Executive Officer / Managing Director

The CEO/MD shall act in accordance to section 5.2 of the Code of Corporate Governance of Securities & Exchange Commission.

3.6 The Executive Directors

The Executive directors shall act in accordance to section 5.3 of the Code of Corporate Governance of Securities & Exchange Commission

3.7 Non- Executive Directors

The Non-Executive Director(s) shall act in accordance to section 5.4 of the Code of Corporate Governance of Securities & Exchange Commission

3.8 Independent Directors

The Independent Directors shall act in accordance to section 5.2 of the Code of Corporate Governance of Securities & Exchange Commission

4.0 MEETINGS

i. Frequency

The board will hold quarterly meetings. Additional meetings may be held at the request of the chairperson or any one of the directors upon the agreement of other directors.

ii. Notice and quorum

The notice of each meeting of the board, confirming the venue, time and date, and enclosing an agenda of items to be discussed will, unless otherwise agreed by all concerned, be forwarded to each director and any other person required to attend, not less than the time specified in the Companies and Allied Matters Act.

A quorum will consist of a majority of board members (of which the majority must be nonexecutive directors) present in person or via video conferencing, closed circuit television or any other telecommunication facilities.

Each director has one vote on a matter before the board. A majority of the votes (of which the majority must be non-executive directors) cast on a resolution is sufficient to approve that resolution.

In the case of a tied vote, the chairperson shall have a second or casting vote.

Only Directors entitled to attend Board Meetings will have a right to vote at Board meetings.

iii. Agenda

The board shall establish an annual work plan to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters set out in this charter.

The number, timing and length of meetings as well as the agendas are to be determined in accordance with the annual plan.

The CEO and the company secretary shall, in consultation with the chairperson, draw up an agenda.

A detailed agenda, together with supporting documentation and relevant board papers, shall be circulated at least seven days prior to each meeting.

Directors must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.

iv. Attendance

In the absence of the chairperson, the remaining members present will elect one of their numbers to chair the meeting.

Directors may invite any person to attend specific meetings or parts of a meeting, with the prior approval of the chairperson.

Directors are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their knowledge, skill and abilities to the Board.

Directors must attend at least two-third of all scheduled meetings of the board, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the chairperson or company secretary.

v. Minutes

The secretary will keep appropriate records of all meetings of the board as well as minutes of the proceedings and all decisions made.

The minutes of the meeting shall be completed within fourteen business days of such meeting and shall be circulated to all board members.

The minutes of the meeting shall be formally approved by the board at its next scheduled meeting.

vi. Executive Sessions

At any meeting of the Committee, an opportunity shall be provided for any member of the Committee to request that the Committee meet in executive session during such meeting. “Executive session” shall mean a session at which the members of the Committee meet without the attendance of officers or employees of CHP, legal counsel, advisors or other nonmembers of the Committee.

5.0 RESPONSIBILITIES

- 5.1 The board being central in corporate governance shall serve as the link between the stakeholders and the company. The board’s paramount responsibility is the positive performance of the company in creating value for all its stakeholders.
- 5.2 The board shall exercise leadership, enterprise, integrity and judgment in directing the company so as to achieve continuing survival and prosperity of the company.
- 5.3 The board shall ensure the establishment and implementation of a succession plan, appointment, training and remuneration for both the board and senior management of the company.
- 5.4 The board is accountable to the shareholders and shall exercise the important role of identifying other stakeholders relevant to the business of the company and incorporate their expectations in its decisions.
- 5.5 The board shall set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met.
- 5.6 Elect a chairperson of the Board that is an independent non-executive director;
- 5.7 The Board has the responsibility to establish a system to undertake formal and rigorous annual evaluation of its own performance, that of its committees, the Chairperson and individual directors.
- 5.8 Shall, when necessary, appoint and/or remove members from the Board;
- 5.9 The appointment and removal of the head of the internal audit shall be the responsibility of the board on the recommendations of the statutory Audit Committee.
- 5.10 The board is responsible for the establishment of the company’s risk management framework as well as oversight over its implementation.

- 5.11 The board shall be responsible for Information Technology governance.
- 5.12 The Board shall be responsible for the company's internal control system, financial control and reporting.
- 5.13 Review the company's goals and strategies for achieving them;
- 5.14 Approve the annual budget;
- 5.15 Approve the annual and half-yearly financial statements, reports to shareholders and public announcements;
- 5.16 Approve the directors' statutory report to be published in the annual report;
- 5.17 Consider and approve a dividend on the recommendation of the Audit Committee from a sustainability, cash flow and affordability perspective;
- 5.18 Review the board's performance, composition, structure and succession;
- 5.19 Review the company's internal and external audit reports;
- 5.20 Review the performance of, necessity for, and composition of board committees;
- 5.21 The above mentioned responsibilities are not intended to be exhaustive.

6.0 REMUNERATION

Executive Directors will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company as recommended by the Nomination Committee and approved by the Board.

Fees for the chairperson's and the directors' services to the Company may only be paid in accordance with a special resolution approved by the shareholders, at the annual general meeting of the company.

7. WORK PLAN

The Board shall annually develop a work plan to identify and set timeframes for the duties it is responsible for performing according to the Act and/or Memorandum and Articles of Association of the Company. It shall regularly monitor its compliance with performing such duties within the timeframes specified in the work plan.

8. DELEGATION AND POWERS

Unless otherwise provided in CAMA or in the Articles of Association, the board of directors may exercise their powers through committees consisting of such members of the body as they think fit and may delegate all or any of their powers to the Chief Executive Officer. The board may delegate certain functions to well-structured committees but without abdicating its own responsibilities.

Delegation may be formal and may involve the following:

- a. Establishment and annual review of formal terms of reference for each board Committee;
- b. Appropriate constitution of committees with due regard to the skills required by each committee; and
- c. The establishment of a framework for the delegation of authority to management. These matters should be monitored and evaluated on a regular basis

Board committees will observe the same rules of conduct and procedures as the board unless the board determines otherwise.

Board committees will only speak and act for the board when so authorised. The authority conferred on a board committee will not derogate from the authority delegated to the CEO by the Board.

The board shall clearly define the parameters of ad hoc sub-committees.

The Board shall reserve the right to make final approvals on the recommendations of its Committees. The Board shall make final approvals on all major discussions of the Committee.

Non-executive directors have access to management and may meet separately with management, without the attendance of executive directors.

Non-executive directors have access to internal and external auditors and may meet with them, without the attendance of management.

ABILITY TO TAKE INDEPENDENT PROFESSIONAL ADVICE

Directors may, if necessary, take independent professional advice at the Company's expense in accordance with procedure approved by the Board for this purpose. The Board shall have the authority to retain or replace the advisor, and approve fees and other retention terms for any such consultant or advisors that it deems necessary to assist in fulfilling its duties. However, before the external advice is sought, consent needs to be obtained. In the case of:

- a) the board – from the Chairperson;

- b) an individual director – from the Chairperson or the relevant Committee Chairperson, as the case may be;
- c) a Committee – from the Committee Chairperson.

The Board Chairperson or a Committee Chairperson, as applicable, may determine that any external advice received by an individual Director be circulated to the other members of the Board.

9. LIABILITY FOR ACTS OF THE COMPANY

Any act of the members in general meeting, the board of directors, or of a CEO while carrying on in the usual way the business of the company, shall be treated as the act of the company itself and the company shall be criminally and civilly liable therefore to the same extent as if it were a natural person: Provided that- (a) the company shall not incur civil liability to any person if that person had actual knowledge at the time of the transaction in question that the general meeting, board of directors, or CEO, as the case may be, had no power to act in the matter or had acted in an irregular manner or if, having regard to his position with or relationship to the company, he/she ought to have known of the absence of such power or of the irregularity; (b) if in fact a business is being carried on by the company, the company shall not escape liability for acts undertaken in connection with that business merely because the business in question was not among the business authorised by the company's memorandum.

10. INDUCTION OF NEW MEMBERS

The Board shall establish a formal orientation programme to familiarize new directors with company operations, strategic plan, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities.

At CHP's expense all directors shall participate in periodic, relevant professional continuing education programmes in order to update their knowledge and skills and keep them informed of new developments in CHP's business and operating environment.

The company secretary will assist the chairperson with the induction and orientation of directors.

The induction and ongoing training programmes of the board will incorporate risk governance.

11. OTHER BOARD APPOINTMENTS

Directors are at liberty to accept other board appointments so long as the appointment does not conflict with the Company's business and does not detrimentally affect the director's performance as a director on the board of Capital Hotels Plc.

The chairperson, in advance of the appointment being accepted by the director, may approve such board appointments in writing.

12. EVALUATION

The board shall conduct a self-assessment or self-evaluation annually.

The chairperson will assess the individual board members and the board shall evaluate that of the chairperson.

13. CHARTER REVIEW

The Board shall review and assess the adequacy of this Charter annually and carry out any changes it may deem appropriate, including to account for best practice guidelines recommended by, and to ensure compliance with any rules or regulations disseminated by, the regulatory authorities, to the extent appropriate for Capital Hotels Plc.

14. WEBSITE POSTING

This Charter shall be included on Capital Hotels Plc website and shall be made available in print upon request sent to Capital Hotels Plc Company Secretary.

15. APPROVAL OF THE BOARD CHARTER

The Board Charter was approved by the Board on 29th June 2018