

CAPITAL HOTELS PLC

NOMINATION, GOVERNANCE AND RISK COMMITTEE CHARTER

1. PURPOSE

The Nomination, Governance & Risk Committee (the “Committee”) is set up by the board of directors (the “Board”) of Capital Hotels Plc. (“CHP”) to assist and provide advice or recommendations to the Board on Director nomination, Remuneration Policy, corporate governance, Risk matters and such other matters as are set out in this Charter or as may otherwise be assigned to the Committee by the Board.

2. MEMBERSHIP

a. Composition of committee

The members of the committee shall be composed of not less than five such number of Directors as the Board may deem fit.

b. Appointment and removal of members of committee

The members of the Committee shall be solely non-executive Directors as per Part B, Para. 11.1 SEC Code of Corporate Governance for Public Companies in Nigeria, and appointed and/or replaced from time to time by the Board as it deems fit.

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. The Board may fill vacancies on the Committee by appointment from among qualified members of the Board.

c. Committee chairperson

The Chairperson of the Committee shall be appointed by the Board.

The designation of the Committee’s Chairperson shall take place annually at the first meeting of the Board after a meeting of shareholders at which Directors are elected, provided that if the designation of Chairperson is not so made, the Director who is then serving as Chairperson shall continue as Chairperson until his or her successor is appointed.

3.0 COMMITTEE RULES OF PROCEDURE

3.1 Committee Meetings

The Committee shall meet at least once in a quarter to carry out its duties and responsibilities under this Charter.

The Chairperson or any member of the Committee may call a meeting of the Committee at any time. The Committee may ask any officer or employee of CHP, or any representative of CHP's advisors, to attend any meetings and to provide such pertinent information as the Committee may request or to meet with any members or representatives of the Committee.

A simple majority of the members of the Committee shall constitute a quorum to transact business. The affirmative vote of a majority of the members of the Committee present at the time of such vote shall be required to approve any action of the Committee.

Members of the Committee may participate in a meeting of the Committee by means of telephone conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. Subject to the requirements of any applicable law, regulation or rule, any action required or permitted to be taken at a meeting of the Committee may be taken without a physical meeting if consent in writing, setting forth the action so taken, is signed by all of the members of the Committee. Such written consent shall have the same force as a unanimous vote of the Committee.

Committee members may raise any subjects that are not set on the agenda by the Chairperson.

The Company Secretary or any other member so designated shall serve as secretary to the committee and shall keep records of its proceedings.

3.1b Virtual Meetings

Virtual meetings are permissible in accordance with the Guidelines on Companies virtual Board, Committees and Management Meetings issued by the Nigerian Stock Exchange (NSE) on 15th April, 2020.

i. Executive Sessions

At any meeting of the Committee, an opportunity shall be provided to any member of the Committee to request that the Committee meets 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.

ii. Reporting

The Committee shall regularly report directly to the Board with respect to the Committee's activities, as appropriate.

3. REMUNERATION OF COMMITTEE MEMBERS

a. Committee members

Members of the Committee and the Chairperson shall receive such remuneration for their service on the Committee as the Board may determine from time to time on the recommendation of the Committee.

b. Directors

The Committee shall make recommendations to the Board with respect to Director compensation.

4. COMMITTEE AUTHORITY

i. Retaining and Compensating Consultants/Advisors

The Committee shall have the authority to retain, at CHP's expense, a consultant to assist it in carrying out its duties, including identifying director candidates, and to retain outside counsel and any other advisors (each, an "Advisor") as the Committee may deem appropriate in its sole discretion. The Committee shall promptly notify the Chairman of the Board and/or the Independent Director, as appropriate, of the retention of any such Advisor. The Committee shall recommend for approval the related fees and retention terms of any such Advisor.

ii. Access

The Committee shall have reasonable access to CHP's personnel and documents and the resources necessary to carry out its responsibilities.

iii. Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee, subject to any restrictions imposed by any applicable regulatory or stock exchange requirements.

6.0 DUTIES AND RESPONSIBILITIES

The Committee is responsible for performing the duties set out below as well as any other duties that are otherwise required by law or are delegated to the Committee by the Board as stated in Para. 11.1, SEC Code as amended:

i. Nomination & Governance

The functions of the Committee shall include:

- a) Establish the criteria for Board and Board Committee memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board;
- b) Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- c) Periodically evaluate the skills, knowledge and experience required on the Board;

- d) Make recommendations on experience required by Board Committee members, Committee appointments and removal, operating structure, reporting and other Committee operational matters;
- e) Ensure that succession policy and plan exist for the positions of Chairman, CEC/MD, the executive directors and the subsidiary managing directors for Group companies;
- f) Ensure that the Board conducts a Board evaluation on an annual basis;
- g) Review the performance and effectiveness of the subsidiary company Boards (if any) on an annual basis where applicable; and
- h) Review and make recommendations to the Board for approval of the company's organisational structure and any proposed amendments.

ii. Remuneration

The functions of the Committee with respect to remuneration should include:

- a. Make recommendations to the Board on compensation structure for Managing Director; Executive Directors and compensation payable to executive directors and senior management employees for any loss of office or termination of appointment to ensure that it is consistent with contractual terms, fair and not excessive.;
- b. Make Recommendation to the board on the remuneration of non-executive directors, including the review of Directors' compensation periodically and, where appropriate, to recommend any changes thereto to the Board.
- c. Provide input to the annual report of the company in respect of directors compensation;
 - a) Develop a formal, clear and transparent procedure for the establishment and review of the company's remuneration policy.

iii. Risk Management

The essence of the Risk Management Committee to assist the Board in its oversight of the risk profile, risk management framework and the risk reward strategy.

The functions of the Committee include the following:

- a) Review and recommend for Board approval of the company's risk management policy including risk appetite and risk strategy;
- b) Review the adequacy and effectiveness of risk management and controls;
- c) Oversight of management's process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms;
- d) Review of the company's compliance level with applicable laws and regulatory requirements which may impact the company's risk profile;

- e) Undertake Periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile;
- f) Review and recommend for approval of the Board risk management procedures and controls for new products and services.
- g) To enhance the risk management function, the Committee shall nominate a member of senior management to perform the function and attend the meetings of the Risk Management Committee in addition to ED/CEO, Head of Internal Audit.

7. NOMINATION OF DIRECTORS

a. Evaluating Competencies and Skills

The Committee shall make recommendations to the Board with respect to the following matters:

- i. The competencies and skills the Board, as a whole, should possess;
- ii. The needs of individual committees of the Board, particularly with respect to anticipating retirements of Chairpersons and committee members;
- iii. The competencies and skills each existing Director possesses and which the Board as a whole therefore possesses;
- iv. The independence of Directors in accordance with all statutory, regulatory and stock exchange requirements and guidelines and any additional independence criteria established by the Board from time to time; and
- v. The personality and other qualities of each Director, as these may ultimately determine the boardroom dynamic.

b. Identifying and Recommending Nominees

The Committee shall identify the individual(s) qualified to become new Directors and recommend to the Board such nominee(s) for election by shareholders for appointment to the Board. In making its recommendations, the Committee shall consider:

- i. any selection criteria approved by the Board from time to time, including such knowledge, experience, skills, expertise and diversity (as provided in CHP's Board Diversity Policy) that the Board considers to be necessary for the Board, as a whole, to possess;
- ii. The independence of each candidate in accordance with all statutory, regulatory and stock exchange requirements and guidelines as in effect from time to time and any additional independence criteria established by the Board from time to time;
- iii. Whether or not each candidate can devote sufficient time and resources to his or her duties as a Board member;

- iv. The competencies and skills that the Board considers each existing Director to possess;
- v. The competencies and skills each new candidate would bring to the Board;
- vi. The strategic direction of CHP;
- vii. Fine-tune recommendations, If any, from CHP's shareholders.
- viii. The Committee shall also evaluate potential retirement and other departures of existing Directors.

c. Exception

If CHP is legally required by contract or otherwise to provide third parties with the right to nominate one or more Directors, the Committee shall have no responsibility for the selection and nomination of such Director(s).

d. Director Resignations

The Committee shall consider resignation(s) tendered by a Director(s) pursuant to CHP's majority voting policy or otherwise in accordance with CHP's Corporate Governance Guidelines.

8. CORPORATE GOVERNANCE AND DISCLOSURE

8.1 Approach to Corporate Governance

The Committee shall annually review and recommend revisions, if any, to the Board regarding Capital Hotels Plc approach to corporate governance. Among other things, the Committee shall:

- a. Annually recommend to the Board for approval corporate governance practices, policies and procedures applicable to CHP, including recommended revisions to CHP's Corporate Governance Guidelines;
- b. If not otherwise mandated by the Board, develop charters for any new committees established by the Board;
- c. Monitor relationships between management of CHP and the Board and recommend procedures to allow Directors to have access to, and an effective relationship with, management;
- d. Ensure the proper flow of information to the Board and consider the adequacy and timing of materials provided to the Board in support of management's proposals;
- e. be available as a forum for addressing the concerns of individual Directors;

- f. work with the Chairman of the Board to foster a healthy corporate governance culture within CHP;
- g. monitor emerging best practices in corporate governance to consider whether such practices would be advisable for CHP; and
- h. keep informed of new corporate governance rules and regulations applicable to CHP and recommend to the Board appropriate changes in CHP's corporate governance policies and practices.

8.2 Governance Disclosure

The Committee shall review and recommend to the Board for approval the "Statement of Corporate Governance Practices" section of CHP's management proxy circular and disclosure describing the assessment process for Board members.

a. BOARD EFFECTIVENESS

i. Board Size and Composition

The Committee shall, on an annual basis, examine the size of members of Board Committees, and review their composition and mandates to facilitate effective decision-making.

ii. Independence

The Committee shall recommend to the Board structures and procedures to enhance the independence of Directors.

iii. Succession Planning

The Committee shall make recommendations to the Board with respect to Board succession plan, including policies and principles for Director retirement, selection of candidates for the Chairmanship of the Board and Independent Director(s).

b. ORIENTATION AND CONTINUING EDUCATION

The Committee shall oversee the orientation process for each new Director and also oversee the continuing education program for all Directors.

c. INSURANCE AND INDEMNIFICATION

The Committee shall make recommendations to the Board with respect to insurance and indemnification matters for Capital Hotels Plc's Directors and officers.

9. COMMITTEE WORK PLAN

The Committee shall annually develop a work plan to identify and set time frames for the duties it is responsible for performing. The Committee shall regularly monitor its

compliance with performing such duties within the timeframes specified in the work plan.

10.RELIANCE ON MANAGEMENT AND OTHERS

The Committee is entitled to rely in good faith on information and advice provided to it by management, advisors, consultants and such other persons as the Committee considers appropriate.

11.ANNUAL PERFORMANCE EVALUATION

On an annual basis, the Committee shall follow the process established by the Board for all committees of the Board for assessing the performance and effectiveness of the Committee, including a review of its compliance with this Charter.

12.CHARTER REVIEW

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate, including accounting for international 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.

13.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.

Date approved 29th June 2018