
POLICY ON CORPORATE GOVERNANCE, NOMINATIONS
AND RE-ELECTION

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1. Introduction

The Policy on Corporate Governance, Nominations, and Re-Election at AFPLC outlines the framework for maintaining effective governance practices, ensuring a robust and transparent process for selecting and re-electing members of the Board of Directors. This policy is designed to uphold the highest standards of corporate governance by defining clear criteria and procedures for nominations, facilitating fair and equitable re-election processes, and ensuring that the Board operates with accountability and integrity. By adhering to this policy, the company aims to strengthen its governance structure, align with regulatory requirements, and support long-term organizational success.

This policy also emphasizes the importance of a balanced and diverse Board, which is crucial for providing effective oversight and strategic direction. It includes guidelines for evaluating the performance and suitability of potential candidates, ensuring that all nominations are based on merit and aligned with the company's strategic goals. The re-election process is structured to review the performance of existing Directors and ensure their continued effectiveness. Through these measures, AFPLC strives to maintain a Board that is well-equipped to address emerging challenges and opportunities, ultimately driving the company's growth and sustainability.

2. Scope, Authority & Functions

2.1. Directors

- a) **Selection and Appointment Procedures:** The Nominations committee is tasked with the crucial role of identifying, assessing, and recommending candidates for Board positions. To ensure a fair and transparent process, the Committee will develop and uphold a formal procedure for evaluating, selecting, and appointing or re-appointing Directors to the listed entity. This procedure is designed to ensure that all appointments are made based on merit and aligned with the company's governance standards.
- b) **Fit and Proper Criteria:** The Nominations committee is responsible for verifying that all Directors and the CEO meet the regulatory requirements to hold their respective positions. This involves conducting thorough evaluations based on the fit and proper criteria outlined in Rule 9.7.3 of the listing rules, ensuring that each individual possesses the necessary qualifications, experience, and integrity required for their role.
- c) **Director Appointments and Committee Roles:** The Nominations committee will assess the suitability of appointments to the Board and its various committees. This involves reviewing the effectiveness of each Director's contribution and ensuring that all committee roles are filled by individuals who can support the Board's oversight and decision-making processes effectively.
- d) **Board Structure and Composition Review:** The Nominations committee will regularly examine the structure, size, and composition of the Board and its committees. This review aims to ensure that the Board is appropriately constituted to effectively carry out its duties and responsibilities. The focus will be on optimizing the Board's composition to enhance its performance and governance capabilities.

3. Re-election of Directors (Re appointment)

Evaluation of Re-Election Recommendations: The Nominations committee will review and make recommendations regarding the re-election of current Directors based on their performance and contributions to the Board's overall responsibilities. This assessment ensures that each Director's ongoing role is justified by their effectiveness and input towards the governance and strategic objectives of the company.

Assessment for Continued Directorship: When existing Directors are considered for re-election, the Committee will ensure that these individuals continue to meet the required fit and proper standards to hold their positions. This evaluation confirms that Directors remain suitable and qualified to effectively fulfill their duties and contribute to the Board's functions.

Regular Re-Election Requirement: It is required that all Directors submit themselves for re-election at regular intervals, with a minimum frequency of once a year. This practice ensures ongoing accountability and alignment with governance best practices, allowing for periodic review of each Director's suitability and performance.

4. Board Evaluations

The Nomination committee is responsible for periodically evaluating the performance of each individual board member and the overall effectiveness of the Board. This assessment process is crucial for pinpointing areas where improvements can be made and for strengthening the Board's accountability.

5. Other functions

- Appointment of advisors / consultants to the Board / Bank.
- Review and recommend HR policies related to recruitment and succession.
- Recommendation of the KMP structure and selection criteria of CEO & KMP's.

6. CEO & Key Management personal

- The Nominations committee shall implement a procedure to select/appoint, CEO and key management personnel.
- The committee shall ensure that, CEO and key management personnel and officers in the immediate two layers below the level of CEO in the organizational structure are fit and proper persons to hold office as specified in the criteria as set out in the Statutes.
- Appointment of officers performing executive functions (KMP).

7. Conflict of Interest

Handling and resolving conflicts of interest among Board members is critical to ensuring transparency and maintaining trust within the Board. Specifically, any member of the Nominations and Governance Committee must abstain from participating in decisions that pertain to their own appointment to prevent any potential bias or conflict.

8. Shareholder Engagement

The committee may engage with shareholders to ensure their concerns are considered.

9. Governance

Review and Update Governance Policies: The Committee will regularly review and revise the corporate governance policies and framework to ensure they remain aligned with evolving regulatory and legal standards. This practice supports adherence to best practices and maintains the effectiveness of the governance structure.

Compliance Reporting: The Committee will receive and examine reports from Management regarding adherence to the corporate governance framework. This includes compliance with the SEC Act, Listing Rules of the Exchange, and other relevant regulations, as well as any instances of non-compliance and the reasons for such deviations.

Governance Framework Recommendations: The Committee will assess and provide recommendations for the corporate governance framework of the Listed Entity. This evaluation will consider the Listing Rules of the Exchange, applicable regulatory requirements, and industry or international best practices to ensure the framework is comprehensive and effective.

10. Composition

- The Committee shall be chaired by an Independent Director and preferably be constituted with a majority of Independent Directors.
- Minimum No of Directors in the committee to be 03 and the maximum 05; will not comprise of executive Directors.
- The CEO may be present at meetings by invitation.
- Quorum for the meetings to be 02 directors with a majority of Independent Directors.
- Meetings to be held as and when required for the consideration of the key functions.

11. Policy reviewing frequency

This Policy shall be reviewed at least two years, to ensure it is in accordance with the Laws, Directions and Guidelines issued by Regulatory Authorities.