



EQUITY GROUP HOLDINGS PLC

THE GROUP CORPORATE GOVERNANCE FRAMEWORK

Approved by the Board of Directors at a meeting held on 10 March 2021

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A. OUR PROFILE

1. About Us

Our inceptive intention to transform lives, give dignity and expand opportunities for wealth creation of our people remains true today, over 35 years later. We are committed to improving the wellbeing of the people of Africa. We are positive about Africa and our history attests to the resilience and determination that has seen our people attain remarkable feats. Dedication to our purpose and our people continues to be our driving force.

We are the largest financial services provider by customer numbers in the Eastern and Central Africa region with Shs 673.7 Billion in total assets and are present in 7 countries – Kenya, Uganda, South Sudan, Tanzania, Rwanda, the Democratic Republic of the Congo (DRC) and a representative office in Ethiopia (the “regions”).

We are strategic in our intent of building on our legacy as a pioneer and disruptor of traditional banking approaches by enabling accessibility and financial inclusion for the citizens of the regions. We continue to consider varied ways in which we can enhance the availability of financial services and provide our people with relevant products that enable them to maximize their opportunities. We are executing the “Equity 3.0” strategy, which is aimed at leveraging on technology and innovation to achieve convergence of financial products and services, seamless integration of channels, enhanced customer experiences and disciplined operational controls.

In line with our intention to be a leading Pan-African financial services provider, we are undertaking a transformation process that will position us better to capitalize on opportunities through technology, demographic changes and regional expansion. We are reengineering our business to ensure that it is adaptable to future trends and prospects. We have recently rebranded, in tune with our long term aspirations, so as to resonate with our wide spectrum of cross generational customers and stakeholders. But more importantly, our rebrand goes beyond the visual aspects to incorporate our intent to offer an enhanced customer experience and value and be a catalyst for wealth creation on the continent.

As a key driver of development in our region, we want to operate in the sectors where we can have the greatest impact on society, while being profitable. We have earmarked agriculture, which is the largest contributor to Gross Domestic Product (GDP) in the economies where we operate, as a key sector for us through financing and promotion of agribusiness. Small and Medium Enterprises (SMEs) account for 90% of businesses in Africa. This scale justifies our critical interest in enhancing this sector through financial products and solutions as well as nonfinancial enhancements such as financial literacy and entrepreneurship trainings. Through the Equity Group Foundation (EGF), we are a leading player in innovative social payment solutions that are humane and offer dignity to beneficiaries. Our flagship social programs on youth and education, Wings to Fly and Equity Leaders Program are highly acclaimed for their transformational impact.

In 2019 and beyond, we have positioned ourselves to take advantage of the opportunities associated with Kenya becoming the hub for financial services in the region. This will be achieved by offering differentiated, high quality offerings driven by segmentation and cross-selling initiatives and responsiveness to the needs of the customers across the different segments. Through a business model that is anchored on access,

convenience and affordability, we have evolved into a regional financial services provider with more than 14.3 million customers, making us one of the largest banks in Africa in terms of customer base.

We believe that true progress is only possible if we are connected to people and, for this reason, placing our customers at the centre of everything we do is of utmost importance. We are cognizant of the fact that this is going to be one of the main challenges for our sector in the coming years, the ability to build a digital bank that continues to be, in all aspects, personal and intimately connected to the customer. We continue to be the listening and caring partner that we have always been. To understand the needs and dreams of our customers; to offer solutions that best suit them and help them achieve their goals.

2. Philosophies



Purpose

Transforming lives, giving dignity and expanding opportunities for wealth creation



Vision

To be the champion of the socio-economic prosperity of the people of Africa



Mission

We offer integrated financial services that socially and economically empower consumers, businesses, enterprises and communities



Positioning Statement

Equity provides Inclusive Financial Services that transform livelihoods, give dignity and expand opportunities



Tagline

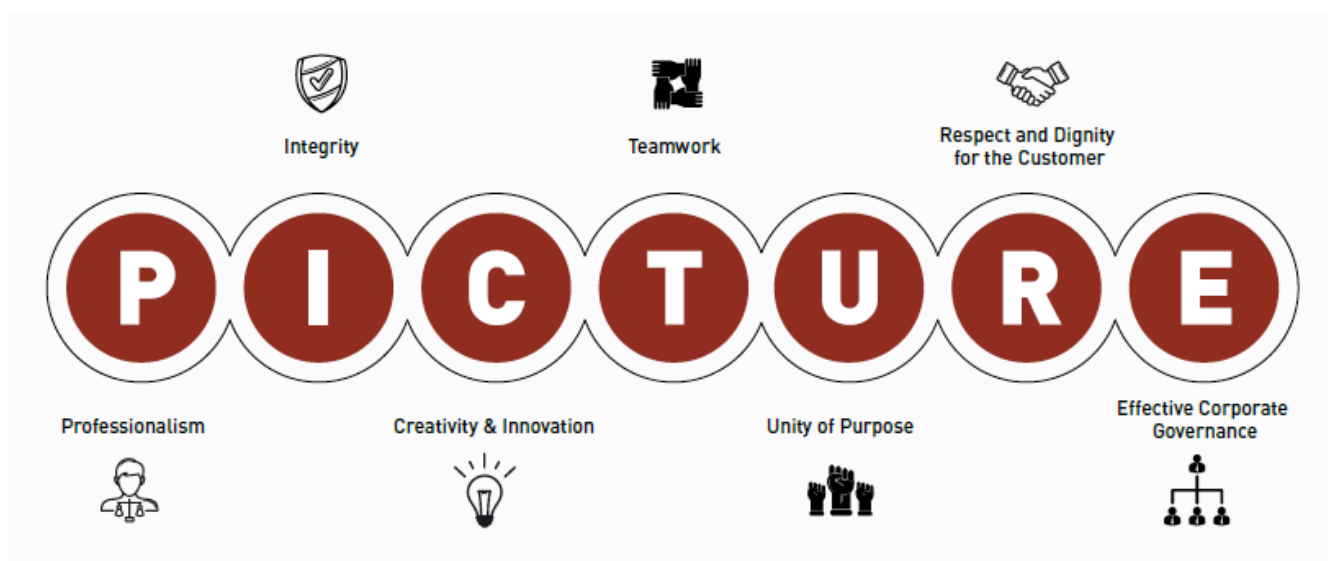
Your Listening, Caring Partner



Motto

Growing Together in Trust

The core values of the Group are Professionalism, Integrity, Creativity & Innovation, Teamwork, Unity of Purpose, Respect and Dignity for the Customer and Effective Corporate Governance as shown below;



B. THE GROUP CORPORATE GOVERNANCE FRAMEWORK

3. Purpose

The Board of Directors of Equity Group Holdings Plc (**“the Group Board”**) is collectively responsible for the long-term success of the Group by providing strategic leadership in line with set goals and objectives. It is also the role of the Group Board to provide oversight over the overall management of the Group’s business; ensure effective management of the interest of shareholders and the wider stakeholder community; put in place effective risk management framework and internal controls; and set expected values, standards and culture, thereby assuring the sustainability of the Group.

The purpose of this Group Corporate Governance Framework (**“the CG Framework”**) is to lay down various fundamental corporate governance principles, values and standards that shall guide the Boards and Management teams within the Group and to describe the governance arrangements in place between Equity Group Holdings Plc (**“EGH”**) and its subsidiary companies (each **“Subsidiary Company”** or **“Subsidiary Companies** as the context shall require) so as to deliver efficiency, effectiveness, prudent governance and alignment across the Group.

4. Rationale

The concept of corporate governance has gained prominence at both the local and global levels as enshrined in various codes of corporate governance and guidelines. The objective of all these codes and guidelines is to promote the highest standards of governance by establishing a series of principles that all companies should adhere to.

The Group Board recognises that sound corporate governance principles are the foundation upon which stakeholder trust is built. The Group Board further recognizes the need to conduct business operations with integrity and in accordance with generally accepted corporate governance principles. Board members take their responsibility for the corporate governance agenda within the Group seriously and will continue to focus on maintaining the highest standards of corporate governance and business ethics in the Group’s operations, in order to meet the needs and objectives of the various stakeholders.

Being a diverse Group, the Group Board has set out in this CG Framework, a schedule of matters that, subject to applicable laws and regulations, as well as Articles of Association of Subsidiary Companies within the Group, are reserved for the Group Board with the objective of ensuring effective governance across the Group and furthering a common brand.

5. Scope

This CG Framework is applicable to EGH and all its Subsidiary Companies and is subject to applicable laws, regulations and Articles of Association of Subsidiary Companies within the Group. The CG Framework represents the minimum principles and standards applicable, and, having been written in general terms, cannot cover every imaginable situation. Where there is any conflict with applicable local laws and regulations, the higher standard or principle of governance shall apply. It is also important that this CG Framework is not used as a substitute for good judgment. In the event of any doubt, reference should be made to the Group Executive Director.

While this CG Framework is based on global best practice, it is recognised that EGH is subject to the provisions of the Kenya Companies Act, 2015 and the Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015 (“**the Code**”), and any modifications thereto.

With the objective of implementing the provisions of this CG Framework, the Boards of Subsidiary Companies (“**Subsidiary Boards**” or “**Subsidiary Board**” as the context shall require) are expected to adhere to the following general requirements, subject to the provisions of applicable laws and regulations, which will take precedence in the event of a conflict with the provisions of this CG Framework:

- (a) adopt this CG Framework and the principles and practices set out herein;
- (b) ensure that any governance documentation adopted at Subsidiary Company level is aligned to the provisions of this CG Framework;
- (c) refer any Reserved Matters as set out herein to the Group Board for approval; and
- (d) adopt Group policies as shall be directed by the Group Board.

In interpreting the application of this CG Framework, where the context admits, references to the Group Board shall include references to each Subsidiary Board and in that regard shall be read as though the reference was solely to the Subsidiary Board. Further, where the context admits, all references to the Group shall include EGH and each Subsidiary Company. Any reference to Board members shall include reference to all Board members within the Group.

6. Corporate Governance Policy Statements

In pursuance of its vision to be the champion of the socio-economic prosperity of the people of Africa, the Group is committed to good corporate governance as a key enabler for sustainability from an Environment Social Governance (“ESG”) perspective. The Group believes that corporate governance is not just about ensuring that the Group complies with applicable laws, regulations, codes and the highest standards of corporate governance, but doing so in a transparent and ethical manner.

The Group Board and each Subsidiary Board shall therefore foster a culture that values good corporate governance and high ethical behaviour in the Group’s operations for sustainable long-term performance and value creation and in accordance with prudent business practices. Each Group Board shall take into account the legitimate interests and expectations of the Group’s stakeholders in a responsible, accountable, fair and transparent manner.

Board members shall act in the best interest of the Group and uphold their fiduciary duties as required under applicable laws and regulations. In this regard, each Board member shall at all times;

- (a) exercise the highest degree of care, skill, diligence and independent judgement;
- (b) act honestly at all times and not place themselves in a situation where their personal interests conflict with those of the Group;
- (c) understand and accept the principle of collective responsibility;
- (d) devote sufficient time to carry out their responsibilities;
- (e) promote and protect the image of the Group;
- (f) focus on issues relating to the strategic direction of the Group;
- (g) be sufficiently forward-looking devoting significant time in opportunity identification and innovation; and
- (h) have a good understanding of business challenges and adopt appropriate structures and processes to ensure that the Group remains competitive.

Directors shall not borrow from the Group or any of its Subsidiaries. Further, Directors shall not enter into any business activity with the Group or any of its Subsidiaries.

7. Commitment to Good Corporate Citizenship

The Group Board and each Subsidiary Board (collectively “the Boards”) shall ensure that the Group’s strategies promote the sustainability of the Group and that the Group protects, enhances and invests in the well-being of the economy, society and the environment. Each Board shall give attention to ESG as a means of underpinning sustainability.

The Group underscores its commitment to being a good corporate citizen and ensuring that it effectively balances the need for long-term sustainability and prosperity of the Group with that of the community on which it relies for its ability to generate economic value with the requirement for short-term competitiveness and financial gain.

Consequently, the Group Board shall:

- (a) establish the values of the Group in support of its vision and mission;
- (b) ensure that the Group is governed in a way that is efficient, responsible, accountable, transparent and with probity;
- (c) promulgate policies defining the governance of relationships with the stakeholders;
- (d) ensure that the rights of shareholders and specifically their right to expect a good return on investment and growth in the medium to long term are recognised;
- (e) recognise and differentiate accountability linkages to shareholders and responsibility linkages to other stakeholders;
- (f) ensure that the Group is open in structure, process and disclosure and that it has open communication and engagement with its stakeholders.
- (g) ensure that the Group is committed to investing for the long-term and as such, developing long-term relationships; and
- (h) ensure that Management develops corporate citizenship policies for the Group.

8. Values and Ethics

Each Board shall:

- (a) establish principles and standards of ethical business practice in support of the Group's Core values and ensure the communication of established principles and standards to all stakeholders;
- (b) recognise and promote respect for human rights in all the Group's operations;
- (c) respect employees and be sensitive to their needs, treat them fairly and enable them to develop their full potential;
- (d) practice and encourage environmental responsibility;
- (e) work to build capacity in all dealings with host, local and national communities and respect the moral and cultural norms and values of others;
- (f) constantly engage with stakeholders and others in order to improve practices;
- (g) put in place and rigorously and persistently enforce codes of conduct; and
- (h) have zero tolerance for money laundering, fraud, bribery and corruption and related malpractices.

The Group Board has developed and put in place this CG Framework outlining the values, ethics and beliefs that guide the policies and behaviour of the Group and define the ethical standards applicable to it and to all who deal with it.

9. Recognition and consideration of all Stakeholders

The Group is committed to building mutually beneficial relationships with all its stakeholders and to ensuring that a balance is maintained between the individual interests of stakeholders and those of the Group. In particular, the Group Board shall:

- (a) promote fair, just and equitable employment policies;
- (b) promote, and be sensitive to the preservation and protection of the natural environment;
- (c) be sensitive to and conscious of gender interests and concerns;
- (d) promote and protect the rights of children and other vulnerable groups; and
- (e) enhance and promote the rights and participation of host communities.

10. Corporate Governance Principles

The Group Board has defined appropriate corporate governance principles that shall provide appropriate incentives for the Group to pursue objectives that are in the best interests of the Group, its shareholders and other stakeholders and protect the interests of the Group's depositors and other creditors. The Group Board shall require that all Subsidiary Companies adopt the corporate governance principles, procedures and policies set out in this CG Framework, unless doing so would be against applicable local laws and regulations.

The Group Board shall have the overall responsibility for good corporate governance across the Group and shall ensure that the governance policies and mechanisms are appropriate to the structure, business and risks of the Group.

Principle 1: Ethical Leadership and Integrity

The Group Companies shall be run by effective and ethical Boards that shall exercise diligence, enterprise, integrity and good judgment in directing the Group's operations. Each Board shall act always in the best interests of the Group and its stakeholders in a manner that is responsible, accountable, honest, fair and transparent.

Principle 2: Oversight Responsibility of the Board

The Group Board shall have the overall responsibility for the Group which shall include approving and overseeing the implementation of the Group's strategic objectives, risk strategy, compliance with laws, regulations, policies, and ethical standards, and that the Group assets are safeguarded. Subsidiary Boards shall have similar responsibility for respective Subsidiary Companies.

Principle 3: Ethos, Values and Strategy

The Group Board shall define the Group's values and shall ensure that the Group promotes and protects the Group's ethos, ethics and beliefs. Each Board shall premise all of its policies, actions and behaviours on such values and ethos and shall ensure that it conducts all its relationships with due regard to the Group's values and ethos.

The Group Board shall determine the Group's strategy to ensure that the Group is sustainable and thrives and that policies and procedures are put in place in order to ensure that Group's assets and reputation are protected. Subsidiary Boards shall ensure the implementation of the Group Strategy within the context of the local environment.

Principle 4: Appointment and Composition of a Balanced Board

Appointments to each of the Group Boards shall be made through an organised and effective process that ensures the appointment of a diverse set of proficient individuals. Such appointments shall consider academic qualifications, technical expertise, experience, nationality, age and gender among other diversity parameters.

Principle 5: Independence of the Board

Each Board shall ensure that no one person or group of persons shall have unfettered power. In this regard, the composition of each Board shall have due regard to the requirement for independence in line with the requirements of applicable local laws and regulations.

In addition, each Board member is required to exercise independence of mind in words and in action.

Principle 6: Supervision of the Board

The shareholders of the Group shall jointly and severally protect, preserve and actively exercise their authority during the Group's general meetings in order to ensure that competent and reliable persons of appropriate diversity and independence are elected to each Board, that each Board is constantly held responsible and accountable for efficient and effective governance of the respective Company within the Group.

Principle 7: Evaluation of the Board

Each Board shall annually assess its performance and effectiveness as a whole and that of individual Board members, the Group Chief Executive Officer ("GCEO") or the Managing Director as the case may be, as well as the Company Secretary.

Principle 8: Induction and Professional Development of the Board

Each Board recognises the need for new Board members to be inducted into their roles and for all Board members to develop and strengthen their skills and training in corporate governance and other identified areas in light of technological developments and a changing corporate environment. Each Board shall therefore ensure a systematic induction and continuous development programme for Board members so that they remain up to date and have a clear understanding of their role and be able to exercise sound and objective judgement in the Group's affairs. The Group Board shall ensure full compliance with the requirements of the Code and any other applicable Laws and Regulations.

Principle 9: Appointment and Development of Senior Management

The Group Board shall appoint the GCEO, participate in the appointment of all Executive Management and put in place a succession plan for the Executive Management. In addition, the Group Board shall approve the appointment of the Managing Director of each subsidiary.

Each Board shall appoint the respective senior Management teams and ensure the motivation and protection of the Group's intellectual capital and appropriate and adequate training for the Senior Management.

Group Executive Management shall include the Group Executive Directors while Senior Management refers to all direct reports to the Managing Directors.

Principle 10: Responsibility of Senior Management

Under the direction of each Board, Senior Management shall ensure that the Group's activities are consistent with the business strategy, risk tolerance/appetite and policies approved by the Board. Senior Management shall be responsible for ensuring appropriate and adequate training for all employees.

Principle 11: Structure and Organisation

The Group Board shall ensure a proper governance, organisation, and management structures and systems that function to maintain corporate integrity, reputation and accountability. Each Board shall make sure that the Board and Senior Management know and understand the structure.

Principle 12: Risk Management Framework

The Group Board shall ensure that the Group has adequate systems in place to identify, measure, monitor and manage the Group's key risk areas and key performance indicators and shall adopt and follow sound policies and objectives after full deliberations. Each Board shall ensure that the relevant Subsidiary Company has put in place an appropriate risk management framework that is aligned to the Group policies and processes in this regard.

Principle 13: Information Technology and Governance

The Group Board recognises that to be sustainable and thrive, it has to ensure that the technology, skills and systems used in the Group are adequate to run the Group and that the Group must constantly review and adopt the most efficient systems in order to achieve its strategic objectives and remain competitive. The Group Board shall be responsible for IT governance and shall ensure that procedures are put in place to facilitate the achievement of the Group's strategic objectives.

Principle 14: Responsibility to Shareholders

Each Board shall serve the legitimate interests of all shareholders and shall be accountable to them.

Principle 15: Responsibility to Stakeholders

Each Board shall take a stakeholder inclusive approach and shall develop suitable policies aligned to Group policies to manage relations with different stakeholder groups. The Group Board shall develop policies determining how the Group should relate to, and with its stakeholders, in relation to the creation of jobs, sustainability of the communities in which it operates and ensure that the rights of stakeholders, whether established by law or custom, are respected, recognised and protected while ensuring a sustainable and financially sound Group.

Principle 16: Monitoring

Each Board shall monitor and evaluate the implementation of strategies, policies and management performance criteria as well as the plans of the respective Group Company.

Principle 17: Compliance

Each Board shall ensure that respective Group Companies comply with all relevant laws, regulations, governance practices, accounting and auditing standards and that respective Group Companies adhere to the Group's rules, codes and standards.

Principle 18: Transparency

The Group Board shall ensure that the Group communicates effectively and transparently with all its shareholders and stakeholders including depositors and other market participants.

Principle 19: Information to Shareholders

Shareholders have a right to receive any information that would materially affect their shareholding, participate in any meeting of shareholders and to be facilitated to fully participate in all resolutions of interest to them as shareholders.

Principle 20: Compensation System

The Group Board shall actively oversee the Group's compensation system's design and operation, and shall monitor and periodically review the compensation system to ensure that it operates as intended.

Principle 21: Social and Environmental Responsibility

Each Board shall recognise that it is in the interest of the Group to operate within the mandate entrusted to it by society and remain socially responsible. For this reason, each Group Company will undertake its business in a manner that does not harm/is respectful to its beneficiaries or customers. The Group shall not exploit

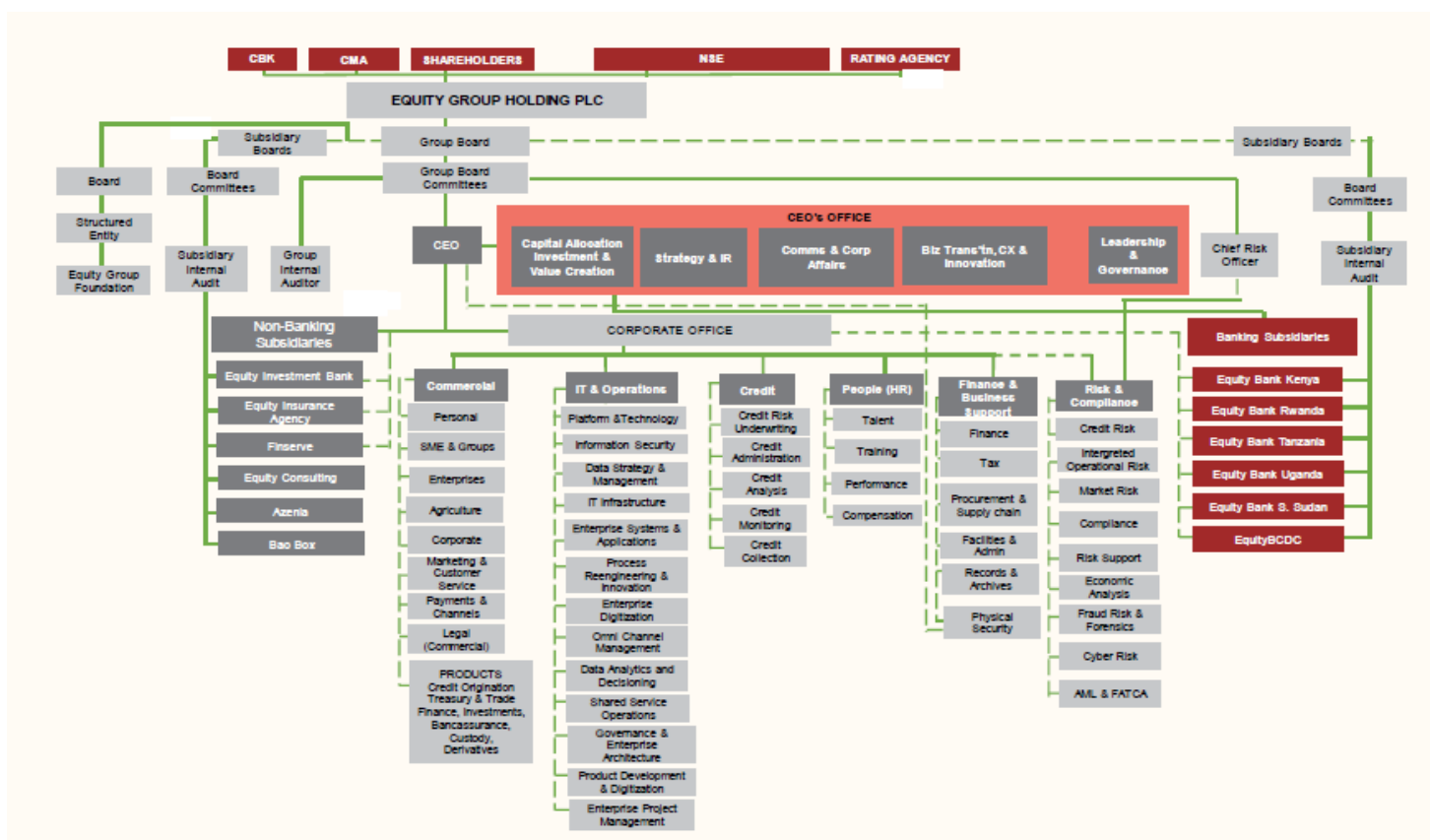
the community’s labour, pollute the environment, fail to conserve resources, neglect the needs of the local community or engage in other anti-social practices.

Principle 22: Political Neutrality

Each Board recognises that the Group is a politically neutral institution. The Group shall abstain from political activity and keep its distance from any political influence, affiliations or pressure. In performing their duties for the Group, each Board as a whole and each individual Board member, must carry out their functions impartially and ensure that the Group remains politically neutral at all times. Directors shall not engage directly in politics or offer themselves as candidates for political positions.

11. Our Group Governance Structure

The Group’s governance structure is based on the principle of shared responsibility and sets out the roles and responsibilities of the various governance organs within the Group as set out below;



(a) Our Shareholders

The Group Board shall recognise and protect the rights of all shareholders and shall treat them equitably.

Over and above the basic voting rights accorded to shareholders, the shareholders will be involved in approving major strategic and corporate decisions of the Group which have a material impact on the equity or economic interests or share ownership rights of existing shareholders. In return, shareholders will exercise their rights responsibly and shall endeavour to keep themselves informed about the Group so as to be in a position to make independent and informed decisions on all issues when called upon.

All shareholders, including EGH in the case of Subsidiary Companies, shall be entitled to the rights and bear the obligations set out below. Any references to the Group Company or EGH in this section shall be construed, where the context permits, to include references to any specific company within the Group in which a person is a shareholder as if such company was specifically mentioned.

1. Registration of Shareholders

Every shareholder shall be entitled to evidence of ownership in accordance with applicable local law and regulations.

2. Right and Responsibility to be sufficiently informed

Shareholders shall receive relevant information on the Group's performance through the distribution of annual reports and accounts as required by local laws and regulations as a matter of best practice. Such reports shall be availed across multiple communication channels suitable to shareholders' different media consumption habits. These include websites, postal mail and newspapers.

Shareholders shall also endeavour to keep themselves informed about the financial, social and political environment in which the Group operates.

3. Memorandum and Articles of Association

Shareholders shall obtain copies of, study, understand and where necessary obtain independent professional advice on the Memorandum and Articles of Association and where in existence, any shareholder agreements ("**Constitutive Documents**") of the relevant Group Company in which they own shares.

Shareholders shall ensure that they understand clearly the objects for which the Group is formed, the duties and limitation of the authority of the Board, their own rights and obligations, the obligations of the Group to other parties such as creditors and the voting procedures.

Shareholders shall endeavour to ensure that the Constitutive Documents are consistent with the principles of good corporate governance and where necessary make amendments to bring them in line with the principles of good corporate governance.

Shareholders shall endeavour to ensure that the Constituting Documents clearly define the relationship between themselves and the Board and further, that they define the limits of the authority of the Board.

4. Relevant Laws and Regulations

Shareholders shall familiarise themselves as much as is practically possible with existing laws regulations with regard to their rights and obligations as shareholders.

5. Convening of General Meetings

Each Board shall ensure that general meetings are convened as required under existing laws and regulations. Where the Board fails to discharge its duty to convene any general meeting, shareholders shall exercise the rights conferred by applicable laws and regulations.

The Board shall ensure that sufficient notice and details are given of general meetings. The time of the meeting should be reasonable and the venue accessible or necessary arrangements made to ensure that shareholders can access the venue.

The Board shall make shareholders expenses and convenience a primary criterion when selecting the venue and location for any general meeting.

The Board may decide that shareholders shall be able to participate in a general meeting by use of electronic means, including that they may exercise their rights as shareholders electronically.

6. Participation at General Meetings

Shareholders shall endeavour to attend and participate effectively in general meetings either in person or by proxy and shall be provided with all the required information including voting rules or procedures, agenda and supporting documentation with respect to each agenda item.

Shareholders shall behave in a respectable manner at general meetings. They shall give due regard and respect to the Chairperson and the Board.

Shareholders shall endeavour to ensure that resolutions are made in the best interests of the Group and in accordance with existing laws and regulations, and the Constitutive Documents.

Every Shareholder shall be entitled to ask questions and seek clarification on the Group's performance as reflected in the annual report and accounts or in any matter that may be relevant to the Group's performance or promotion of shareholders' interests and to receive explanations by the Board and/or Senior Management.

Electronic Participation In General Meetings

Subject to local laws, in the case of any general meeting, the Board may make arrangements for

simultaneous attendance and participation by electronic means allowing shareholders and proxies not present together at the same place to attend, participate and vote at the meeting. The arrangements for simultaneous attendance and participation at any place at which shareholders and proxies are participating, using electronic means may include arrangements for controlling or regulating the level of attendance at any particular venue provided that such arrangements shall operate so that all shareholders and proxies wishing to attend the meeting are able to attend at one or other of the venues, including venues chosen by such Shareholders and proxies individually and provided further that such shareholders and Proxies may participate via electronic means from any other place as long as they are able to attend and vote from the place at which they are participating via electronic means.

The shareholders or proxies at the place or places at which persons are participating via electronic means shall be counted in the quorum for, and be entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the Chairperson is satisfied that adequate facilities are available throughout the meeting to ensure that the shareholders or proxies attending at the place or places at which persons are participating via electronic means are able to:

- (a) participate in the business for which the meeting has been convened; and
- (b) hear all persons who speak (whether through the use of microphones, loud speakers, computer, audio-visual communication equipment, telephones or otherwise, whether in use when these Articles are adopted or developed subsequently) in the place at which persons are participating and any other

7. Appointment of Board Members

Shareholders shall ensure that only competent and reliable persons of integrity, who can add value to the Group, are elected as Board members. In electing the Board, its size, diversity and demographics shall be considered in order to make it effective. Diversity applies to academic qualifications, technical expertise, relevant banking knowledge, experience, nationality, age and gender so as to ensure a balanced Board that fairly reflects the Group's shareholders and other stakeholders, and provides a mechanism for the representation of the minority shareholders. The election/appointment of Board members shall follow the process shown below;



8. Shareholder Board Members

No Shareholder with more than a 5% shareholding in the Group shall be an Executive Director or part of the Senior Management.

9. Accountability of Board members

Shareholders shall ensure that the Board is constantly held accountable and responsible for the efficient and effective governance of the Group in order to achieve corporate objectives, prosperity and sustainability.

10. Disclosure of Information by Board Members

The Board shall ensure that there is adequate and timely disclosure to shareholders any Board member's dealings with the Group, including but not limited to, remuneration, contracts and loans.

11. Appointment of Auditors

Shareholders shall ensure that only competent and reliable auditors are appointed. Shareholders shall also ensure that where the Board recommends the appointment of an auditor other than the retiring auditor, the reasons for such recommendations are provided and are justifiable.

12. Annual Report and Financial Statements

The Board shall ensure that at the annual general meeting, an annual report and financial statements including an auditor's report and a report of the Directors are tabled in accordance with the applicable laws and regulations. The Board shall further ensure that the annual report shall include a statement of the extent to which the Group has complied with the principles of good corporate governance as well as highlights of the operations of the Group and financial performance.

Shareholders shall carefully study the annual report and financial statements and where necessary seek professional advice on the same.

13. Right to Receive Distributed Profit

In the event that a dividend is declared as recommended by the Board, every shareholder on the Register at the cut-off time shall be entitled to such dividend in the proportion of their shareholding.

14. Institutional Shareholding

Institutional shareholders are particularly encouraged to make direct contact with the Board or Senior Management to discuss the Group's performance and corporate governance matters as well as exercise their vote at general meetings, provided that such institutional shareholders shall only be entitled to information that can be legally disclosed.

15. Protection of Minority Shareholders

The Board shall ensure that minority shareholders shall be protected from any adverse actions by the controlling shareholders acting either directly or indirectly in accordance with the provisions of applicable local law.

16. Inspection of Register of Members

Shareholders shall have the right to inspect documents relating to the Group including the register of members, as provided by applicable laws and regulations. Shareholders shall have the right to inspect the register of members.

17. Winding up

In the unlikely event that the Group/Company is wound up, shareholders shall endeavour to meet their obligations.

(b) The Board

The governance of the Group vests in the Group Board of Directors. The Group Board is responsible for the formulation of Group strategy as well as oversight over Executive and Senior Management in order to enhance long term Shareholder value. Each Board is responsible for the overall corporate governance of the respective Subsidiary Company. The ultimate responsibility for the integrity, reliability and objectivity of each Company's financial statements and reporting lies with the respective Board of Directors. In this regard, each Board of Directors collectively and individually bears fiduciary responsibilities and are accountable to the shareholders. Each Board has the following broad roles;

1. **Decision-making and Leadership** - the Board provides the strategic direction of the Company,

formulating with Management strategic goals and fundamental policies and approving significant actions. For Subsidiary Companies, respective strategies and goals will be aligned to the Group.

2. **Governance and oversight role** - the Board provides oversight over Management and ensures that good corporate governance practices are embedded in the management of the Company. In this regard, the Board is expected to review Management decisions and to ensure the implementation of set policies while ensuring the adequacy of systems of risk management and internal controls and setting the risk appetite of the Group.

The specific functions and operations of the Board are fully described in the Board Charter as contained in the Board Manual.

(c) The Board Chairperson

Each Board is led by an Independent Non-Executive Chairperson to buttress the Board's independent oversight. The Chairperson provides leadership to the Board. It is the role of the Chairperson to ensure that effective corporate governance practices and processes are embedded in the Company and that the Board is functioning as required and playing its role effectively. The Board Chairperson has the responsibility for chairing Board and Shareholder meetings and is responsible for ensuring effective succession planning for the Board. The Chairperson shall be available to provide guidance to the Group Chief Executive Officer/Managing Director and acts as the liaison between the Board and senior Management. The Chairperson also ensures that there is effective engagement between the Company and its stakeholders.

(d) The Vice Chairperson

The Group Board has appointed a Vice-Chairperson whose role shall be to assist the Chairperson in performing the latter's role. In particular, the Vice-Chairperson shall act as Chairperson whenever the Chairperson is unavailable for one reason or the other. The Vice-Chairperson shall be available for consultation with the Chairperson on various issues including the agenda for the Board and shall take on any role delegated to them by the Chairperson.

(e) The Group Chief Executive Officer

The Group Chief Executive Officer (GCEO) shall be appointed by the Group Board, shall be a member of the Board and shall be responsible for the operations and management of day to day affairs of the Group, ensuring that the Group remains purpose driven and achieves the strategic objectives set by the Group Board. The GCEO provides leadership to senior Management and staff, implementing the decisions of the Group Board. The GCEO ensures the preparation of annual budgets and business plans for approval by the Group Board and establishes appropriate risk management frameworks and internal controls, ensuring that the Group's operations are consistent with the Group's risk appetite. The GCEO shall implement a system of employment that is fair, safe, challenging and rewarding and build a culture of trust, team spirit, integrity, collaboration, excellence and accountability, and implement appropriate processes for staff succession planning.

(f) Group Executive Director

The Group Executive Director shall be appointed by the Group Board and shall be responsible for effective implementation of good corporate governance and leadership development across the Group and for supporting the GCEO in ensuring the effective functioning and performance of the regional Subsidiary Companies, ensuring that the said Subsidiary Companies adhere to and have adopted good corporate governance principles as outlined in this CG Framework.

(g) Subsidiary Managing Directors

Reporting to respective Subsidiary Boards and administratively to the GCEO, Subsidiary Managing Directors shall be approved by the Group Board. They shall be members of the respective Subsidiary Board and shall be responsible for the operations and management of day to day affairs of Subsidiary Company, providing leadership to senior Management and staff, implementing the decisions of the Subsidiary Board. The Subsidiary Managing Directors ensure the preparation of annual budgets and business plans for approval by the Subsidiary Board, ensuring compliance with legal and regulatory requirements, preparation of management accounts and annual accounts and establishes appropriate risk management frameworks and internal controls aligned with Group guidelines. The Subsidiary Managing Directors ensure implementation of Group wide policies including in relation to employment, ethics and culture.

(h) The Group Company Secretary

The Group Board shall be assisted by a suitably qualified, competent and experienced Company Secretary who shall provide guidance to the Board and Board Members individually on their duties, responsibilities and powers, and how these should be exercised in the best interest of the Group. The Group Company Secretary shall ensure that the Board's procedures are followed and reviewed regularly and that the Board complies with the applicable laws, rules, regulations and the Articles of Association.

Each Subsidiary Board shall appoint a Company Secretary whose duties shall include those outlined above.

(i) Oversight and Compliance functions

The Group Board has established a number of oversight and compliance functions which are responsible for ensuring that the Group's operations are in line with applicable laws, regulations and best practice. The oversight and compliance functions have direct access to the Audit and Risk & ALCO Committees and include the following functions;

- i. External Auditors;
- ii. Internal Audit Function;
- iii. Risk management and Compliance Function;
- iv. Finance Function; and
- v. Legal Function.

These functions are expected to provide independent assurance to the various Committees of the Group Board that the operations of EGH and its Subsidiaries are in line with applicable laws and regulations and that there are in place appropriate financial management policies, legal and compliance processes and risk management frameworks and internal controls for the achievement of the Group's vision, mission and objectives.

(j) Committees of the Board

In order to effectively discharge its mandate, the Group Board has established five Committees with specific terms of reference detailed in the specific Committee Charters as amended from time to time; and appointed into those Committees, members with requisite skills and competence to discharge the responsibility of each of the Committees. In order to ensure that the Group remains competitive, the Group Board periodically reviews the mandate, structure and composition of the Committees. Decisions of the Committees are submitted to the Board for approval before implementation unless expressly authorized by the Group Board. The Group Board has put in place processes to ensure that there is an effective symbiotic relationship between the Committees and senior Management and that the Committees benefit from the knowledge and experience of senior Managers while providing objective challenge and guidance to senior Management.

The Board evaluates the performance of the Committees on an annual basis taking into account best practice and legal and regulatory requirements. The Group Board requires each Committee to develop an annual work plan focussing on critical matters and reporting to the Group Board on a quarterly basis. Each Committee is also required to prepare on an annual basis a report of its activities and achievements, and such report is included in the Group's Annual Report.

Below we set out the Committees of the Group;

- i. Group Audit Committee;
- ii. Group Governance, Nominations and Compensation Committee;
- iii. Group Risk and ALCO Committee;
- iv. Group Strategy and Investment Committee; and

v. Group Board Executive Committee

Each subsidiary Board has set up similar Committees except where local laws, regulations and operating business environment require additional and/or a different structure for Board Committees.

(k) Subsidiary governance

In order to ensure consistency and sustainability, the Group has adopted an enterprise wide approach to governance. The Group Board shall have overall responsibility for all Subsidiary Companies providing a continuous level of support, oversight and direction in order for them to perform efficiently and effectively. This approach to governance enables the Group to utilise local and regional expertise and provides an opportunity for the Group to respond to evolving business needs, harness regional opportunities, benefit from economies of scale, better manage strategic risks and drive a unified brand.

While each Subsidiary Company has a Board of Directors and relevant Committees comprising directors with relevant skills and experience and who are responsible for overseeing the affairs of each Subsidiary Company and exercising the powers of the said Subsidiary Company, the following matters are reserved (“**Reserved Matters**”) for the Group Board and Executive Management;

1. Strategy

- (a) reviewing and approving the overall Group’s strategic direction including, as appropriate, setting the Group’s long-term objectives and strategy whilst at the same time ensuring a sustainable business model;
- (b) developing and overseeing portfolio-level strategy (e.g. investments, divestitures, mergers and acquisitions, partnerships and restructuring including any proposal to cease to operate, or sell all or any material part of the Group’s business or assets);
- (c) overseeing and approving subsidiary strategic plans and annual operating plans and any material changes to them;
- (d) reviewing and approving the extension of the Group’s activities into new businesses or geographic areas; and
- (e) coordinating shared services.

2. Capital and Risk

- (a) approval of changes relating to the Group’s capital structure including reduction of capital, share issues (except under employee share plans), share buybacks and refinancing debt;
- (b) reviewing and approving capital expenditure budgets, estimates and forecasts and raising capital for operations across the Group;
- (c) allocating capital and appropriating profit including approval of any Dividend policy;
- (d) establishing Group risk framework, policies and procedures. Each subsidiary Company shall establish risk frameworks, policies and procedures that are aligned to those of the Group; and
- (e) allocating credit limits.

3. Governance and People

- (a) formulating subsidiary structure and operating model;
- (b) approval of changes to the structure, size and composition of the Board, as well as Board committee membership and chairmanship;
- (c) ensuring compliance with licensing and regulatory requirements;
- (d) appointment and removal of Board members including the GCEO and Managing Directors;
- (e) succession planning for the Board;
- (f) approval of the Group's remuneration strategy and policy (including remuneration packages for the Executive and Non-Executive Directors, Company Secretary and other senior executives);
- (g) approval of the appointment and termination of the Company Secretary's service contract or contract of employment;
- (h) approving sponsorships and donations and ensuring they are channeled to appropriate causes except for marketing purposes in which case the respective Subsidiary Board approval shall suffice;
- (i) developing top-200 leaders; and
- (j) development and approval of Group-wide Policies.

4. Brand, Culture and Communications

- (a) maintaining the core of the Group's brand and culture across its subsidiaries;
- (b) managing the Group's investor relations and vetting of corporate communications; and
- (c) overseeing the implementation of the Code of Business Conduct and Ethics across the Group.

5. Procurement

- (a) approval of major capital projects or investments whose total costs exceed a value to be determined by the Board from time to time or which are otherwise transformative in nature including Group-wide infrastructure projects such as core banking systems, ERPs and other IT infrastructure, and oversight of the execution and delivery of those investments.

(I) Subsidiary Level Responsibilities

The Group's Subsidiary Companies shall take guidance and follow and act in compliance with the responsibilities and guidelines set at the Group-level and shall be responsible for the following matters;

1. Strategy

- (a) developing and executing Subsidiary Company level strategy aligned to the Group-level strategy guidelines (e.g. products, pricing); and
- (b) identifying opportunities for local partnerships to support growth, improve service delivery and shareholder value.

2. Governance and People

- (a) overseeing relationships with regulators and other stakeholders;
- (b) adopting and ensuring adherence to Group-level governance principles and practices; and
- (c) developing local talent and determining remuneration under Group guidelines.

3. Operations

- (a) overseeing the management of operations efficiently within the country, including sales, treasury and talent management;
- (b) identifying opportunities for cross-subsidiary economies of scale; and
- (c) effectively overseeing collaboration with the shared service centre.

4. Capital and Risk

- (a) overseeing all Subsidiary Company risks, in compliance with Group guidelines; and
- (b) controlling Subsidiary Company level capital ratios to ensure compliance with local regulatory standards and investor/shareholder expectations.

5. Brand, Culture and Communications

- (a) promoting and adhering to the brand and culture as set out by the Group; and
- (b) ensuring the culture of high performance and adherence to core values is maintained at all times.

C. CONDUCT AND CULTURE

The Group Board recognizes that the Group is accountable to various stakeholders including shareholders, employees, customers/depositors, suppliers, development partners, financiers, governments, regulators and the communities in which we operate. In order to promote effective relationships with its stakeholders, the Group has set and expects the highest standards of conduct within the operations of the Group, based on the set core values of Professionalism; Integrity; Creativity and Innovation; Teamwork; Unity of Purpose; Respect and Dignity for Customers; and Effective Corporate Governance. In this regard, the Group has developed a number of policies to guide the conduct of Board members and senior Managers. Some of these include but are not limited to;

- (a) Code of Conduct;
- (b) Conflict of Interest Policy; and
- (c) Insider Trading and Market Abuse Policy.

D. REVIEW

The Board shall conduct an annual review of this Corporate Governance Framework and make any desired changes when deemed necessary.