

CHARTER OF THE BOARD OF NIGERIAN EXCHANGE GROUP PLC

1. INTRODUCTION

- 1.1 Nigerian Exchange Group Plc. (“HoldCo”) is a public limited company (PLC). The Nigerian Stock Exchange (The Exchange) was converted and re-registered as a PLC, pursuant to the Demutualisation Act, 2018. In light of the foregoing, it is retaining the incorporation date of September 15, 1960 and registration certificate number RC 2321 of The Exchange which is registered under the laws of the Federal Republic of Nigeria. HoldCo is a non-operating holding company; with interests in Nigerian Exchange Limited, NGX Regulation Limited and NGX Real Estate Limited. The HoldCo and all the subsidiaries are together referred to as NGX Group.
- 1.2 This Charter:
- a) provides guidelines governing the operations of the Board of Directors (the Board) of HoldCo;
 - b) outlines the authority, responsibilities, composition and operations of the Board and forms an integral part of the governance documents presented to Directors upon appointment unto the Board;
 - c) is aimed at ensuring professionalism, fairness, transparency, accountability and responsibility;
 - d) provides guidelines on how business should be conducted by the Board in accordance with principles of good corporate governance; and
 - e) sets out the specific responsibilities to be discharged by Directors individually and collectively.
- 1.3 In developing this Charter, relevant provisions in the following rules, regulations, principles and corporate governance codes were considered:
- SEC Guidelines for the implementation of the Nigerian Code of Corporate Governance
 - Nigerian Code of Corporate Governance, 2018 (NCCG 2018)
 - Companies and Allied Matters Act 2020 (CAMA 2020)
- 1.4 The Group Company Secretary shall be the custodian of this Charter, which shall be reviewed and updated every three (3) years, or more frequently as appropriate.

2. RESPONSIBILITIES OF THE BOARD

An overview of the Boards responsibilities is depicted in the diagram below.



2.1 **Strategy and Finance:** The Board's responsibility for Strategy and Finance include:

- a) approve the NGX Group's strategy and financial objectives and monitor the implementation of those strategies and objectives. This includes the following:
 - i. review the assumptions and rationale underlying the budget and strategy of the HoldCo and the NGX Group on an annual basis;
 - ii. ensure alignment of the strategy, organisational structure and budget of the NGX Group;
 - iii. ensure the adequacy of available resources to achieve the NGX Group's strategy and objectives; and
 - iv. monitor Management performance and progress against the strategies and objectives of the NGX Group, including assessing the NGX Group's financial position and performance.
- b) approve any significant changes in the organisational structure of HoldCo;
- c) review and approve proposals for the allocation of capital and other resources within the NGX Group;
- d) define the capital structure of the NGX Group, including the review and approval of proposals for the issue of shares, options or other securities, any share buy-back, and any changes in the capital structure of the NGX Group;

- e) approve the dividend policy and propose dividend to be approved by the shareholders at annual general meetings;
- f) periodically review NGX Group's liquidity positions and approve major proposed transactions, projects, programs and services;
- g) approve NGX Group's investment policy and framework, and monitor investment and strategic commitments that may have a material effect on the assets, profit or operations of the NGX Group, including any material changes in the nature of the business of the NGX Group;
- h) approve operating plans and actions of HoldCo, including setting expenditure approval threshold for Management and approving expenditure that exceeds this threshold;
- i) set and monitor compliance of subsidiary companies (SubCos) with the Group's strategy;
- j) review and approve the annual operating budget and annual capital budget consistent with the long-range financial plan and financial policies; and
- k) oversee the process of ensuring that HoldCo has in place the appropriate financing strategy to support and enable its growth ambitions.

2.2 Succession Planning: The Board's responsibility for succession planning include:

- a) review and approve the Board Succession Policy; and
- b) review on a regular and continuing basis, the succession plan for the Board and Senior Management staff (through reports and presentations made by the Board Governance and Remuneration Committee (BGRC)).

2.3 Human Resources: The Board's responsibility for Human Resources include

- a) appoint the Group Managing Director/ Group Chief Executive Officer (GMD/CEO) who shall superintend over the general day to day working of the HoldCo and shall be answerable to the Board;
- b) subject to the provisions of the HoldCo's Memorandum and Articles of Association (MEMART), appoint such other Executive Directors as may in their opinion be required for the due conduct of the business of the Group, who shall perform such functions as may be determined by the Board from time to time, and who shall report to the GMD/CEO.
- c) set specific targets for the GMD/CEO directed towards the HoldCo achieving its goals and business objectives and appropriately delegate authority to the GMD/CEO to achieve these targets. The Board shall, through its BGRC, monitor and evaluate the performance of the GMD/CEO and other Executive Directors against these agreed targets/objectives at least once annually or more frequently should the Board in its discretion so determine.
- d) In conjunction with the Boards of the SubCos, set specific targets for the Group Executive Committee directed towards achieving the goals and business objectives of the NGX Group.
- e) In line with approved Policies and relevant laws and Codes of Corporate Governance, review and approve the appointment, promotion and termination of Senior

Management Staff on the recommendation of the BGRC.

- f) review and approve disciplinary actions to be carried out against Senior Management Staff as proposed by the BGRC.
- g) review and approve the NGX Group's performance Management framework.
- h)

2.4 Remuneration: The Board's responsibility for Remuneration include:

- a) review and recommend to the shareholders for approval, the proposals of the BGRC in relation to the remuneration of Non-Executive Directors.
- b) review and approve the NGX Group's compensation policy and structures.
- c) approve remuneration packages of all staff on the recommendation of the BGRC.

This includes:

- i. incentive schemes for employees;
- ii. equity scheme for employees;
- iii. changes to remuneration packages of staff based on the result of periodic benchmarking surveys.
- d) ensure that there is a claw-back policy to recover underserved compensation from Directors and senior employees.

2.5 Governance: The Board's responsibility for Governance include:

- a) review and approve the assessment and recommendation of the BGRC in relation to the following Board nomination matters:
 - i. the appropriate size and composition of the Board and Board Committees, noting the mix, skill, knowledge and experience;
 - ii. procedure and criteria for selecting new Directors to the Board;
 - iii. removal of Directors; and
 - iv. succession planning of the Board
- b) oversee the continued implementation of developed corporate governance principles and guidelines;
- c) review and approve the recommendations of the BGRC with respect to changes in regulations and corporate governance disclosures in the annual report;
- d) review the recommendations of Independent Consultants on the annual review/appraisal of the Board and Board Committees and approve action steps as required; and
- e) review and approve changes in the charters of the HoldCo Management Committee, Group Executive Committee, Board and Board Committees.
- f) consider whether its size, diversity and demographics make it effective or not, and ensure that the Board comprises a balance of Executive and Non-Executive Directors, with a majority of NEDs, of whom there will be INEDs.

2.6 Audit and Compliance: The Board's responsibility for Audit and Compliance include:

- a) oversee the process to ensure that the Group maintains a sound system of internal controls to safeguard shareholders' investment and the assets of the HoldCo and the NGX Group;

- b) establish and maintain appropriate accounting policies for the HoldCo and NGX Group;
- c) approve any changes to the NGX Group's accounting policies and ensure that the NGX Group's financial records are prepared in line with those policies;
- d) approve the annual financial statements and interim reports and/or any ancillary documents related thereto;
- e) following the recommendation of the BRAC, appoint and recommend the HoldCo and NGX Group external auditors' appointment for approval by shareholders in General Meeting;
- f) review significant audit and compliance issues and approve action and remediation plans;
- g) ensure that ethical standards are maintained;
- h) have ultimate responsibility for systems of financial, operational and regulatory compliance;
- i) ensure adequacy of statutory reporting to regulatory bodies;
- j) oversee the effectiveness of the NGX Group's assurance functions i.e. Internal and external audit; and
- k) review and approve all related party transactions.

2.7 Risk Management: The Board's responsibility for Risk Management include:

- a) oversee the establishment, implementation and monitoring of a Group-wide risk management framework to identify, assess and manage business risks facing the NGX Group. This includes, but is not limited to financial, operational, information technology, legal, strategic, reputation and compliance risks;
- b) review and approve new or revised risk policies recommended by the Board Risk and Audit Committee (BRAC);
- c) approve the NGX Group's risk management strategies, philosophy, risk appetite and initiatives; and
- d) ensure processes are in place to ensure compliance with applicable regulatory, corporate, securities and other legal requirements.

2.8 Sustainability: The Board's responsibility for Sustainability include:

- a) overseeing the Group's corporate sustainability practices regarding its economic, social and environmental obligations. This include policies and frameworks to adequately manage Environmental, Social and Governance (ESG) risks and demonstrate its commitment in ensuring that its activities and those of its employees, customers, vendors and suppliers adequately address relevant environmental, social and governance issues;
- b) establish an ethical culture Group-wide, ensuring transparent dealings and to the establishment of a culture of integrity and zero tolerance to corruption and corrupt practices;
- c) review and approve sustainability strategies and policies as recommended by the Board Committees; and

- d) report annually on the nature and extent of its social, ethical, safety, security, health and environmental policies and practices.

2.9 Stakeholders Engagement: The Board's responsibility for Stakeholders Engagement include:

- a) oversee the maintenance of the Group's communication and information dissemination policy;
- b) ensure that all shareholders are treated fairly and are given equal access to information about the HoldCo and NGX Group;
- c) ensure effective communication with stakeholders; and
- d) ensure the integrity of financial reports.

3. BOARD SIZE AND COMPOSITION

3.1 The Board shall comprise Directors with a broad range of expertise, skill and experience from diverse backgrounds, subject to a minimum number of five (5) Directors and a maximum of thirteen (13) Directors, with a majority of whom shall be NEDs;

3.2 From the post-transition period¹, the Chairman of the Board shall be an INED. And an independent Director under the Nigerian Code of Corporate Governance (NCCG) 2018, shall not:

- a) possess a shareholding in the Company, the value of which is material to the holder such as will impair his/her independence or in excess of 0.01% of the paid-up capital of the Company;
- b) be a representative of a shareholder that could control or significantly influence Management;
- c) render any professional, consultancy or other advisory services to the HoldCo or the SubCos.
- d) receive any additional remuneration from the Group apart from a Director's fee and allowances and does not participate in the Group's share option or a performance related pay scheme, neither shall (s)he be a member of the Group's pension scheme.
- e) be a close family member of any of the Group's advisers, Directors, senior employees, consultants, auditors, creditors, suppliers, customers or substantial shareholders.
- f) have and has not had within the last five years, a material business relationship with the Group either directly, or as a partner, shareholder, Director or senior employee of a body that has, or has had such a relationship with the Group.
- g) have been a senior executive of the Group's regulator within the last five years;
- h) be a partner or an executive of the Group's statutory audit firm, internal audit firm, legal or other consulting firm that have material association with the Group and has not been a partner or an executive of any such firm for three years prior to appointment.
- i) serve on the Board for more than nine (9) years from the date of his/her first election;

¹ In order to maintain continuity and preserve institutional memory as well as retain stakeholder's confidence and ensure market stability, the composition of the Board of Directors post demutualization shall comprise individuals selected from the current members of the National Council as well as newly recruited independent directors. The retained members will serve for a period of 18 months' post demutualization. Thereafter, the Board composition will evolve in line with market standards, competitive realities and the succession planning policies of the NGX Group.

- j) have been reclassified from the position of an existing NED to INED; and
 - k) have served at directorate level or above at the Group's regulator within the last three years.
- 3.3 The Board members shall have the appropriate skills and competencies required for the Board as a whole, and the Board's individual members in order to fulfill its goals and responsibilities to shareholders and other key stakeholders.
- 3.4 The Board shall comprise of the following skill set and attributes:
- a) an individual that is knowledgeable in the practices and operations of the line of business of the SubCos.
 - b) at least one capital & financial markets expert;
 - c) at least one legal practitioner;
 - d) at least one financial expert with current knowledge of accounting and ability to interpret financial statements;
 - e) a balance of representatives from the geopolitical zones;
 - f) a diverse board comprising age, gender and skills diversities including at a minimum the following:
 - i. entrepreneurial skills;
 - ii. knowledge of IT and IT governance;
 - iii. financial literacy and ability to read and understand financial statements;
 - iv. knowledge of risk management;
 - v. knowledge of good corporate governance practices;
 - vi. knowledge of human capital management; and
 - vii. ability to leverage networks to generate business for the Company.
 - viii. 30% of women on the Board.

4. ROLES AND RESPONSIBILITIES OF KEY OFFICERS

4.1 Chairman

4.1.1 The primary role of the Chairman is to set the tone for the Board. The Chairman's leadership role involves facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and Management.

4.1.2 In addition, the Chairman shall:

- a) manage the business of the Board and set its agenda, taking full account of the issues and the concerns of Board members, and ensuring that agendas strike the right balance between performance and strategic issues;
- b) ensure that the Board provides leadership and vision to the HoldCo and the NGX Group (as may be applicable);
- c) ensure that members of the Board receive accurate, timely and clear information on the HoldCo as well as the NGX Group's performance, to enable the Board take sound decisions, ensure effective monitoring and provide advice to promote the success of the HoldCo and the NGX Group;
- d) set the ethical tone for the HoldCo and the NGX Group;
- e) promote the highest standards of corporate governance, ensuring compliance with the relevant corporate governance provisions;
- f) encourage all Board members to challenge issues openly and critically while

managing conflicts and dissenting opinions, seeking constructive solutions and effective closure on issues; and

- g) establish a relationship of trust with the GMD/CEO, providing support and advice while respecting executive responsibility.

4.1.3 In addition to the articulated attributes for the position of Non-Executive Director below, the Chairman should also demonstrate the following key competencies and behaviour:

- a) personal integrity through ethical behavior;
- b) ability to exercise power in the appropriate manner;
- c) good leadership skills;
- d) good interpersonal skills, and ability to develop positive relationship with the GMD/GCEO and senior management;
- e) ability to command respect by winning the confidence of fellow Directors;
- f) strong communication skills both written and verbal;
- g) commitment to corporate governance principles and practices;
- h) ability to operate as a team player, respecting, acknowledging and building on the views and perspectives of others; and
- i) ability to promote a suitable vision and strategy, offering strategic insight and direction.

4.2 Group Managing Director/Chief Executive Officer

4.2.1 The roles and responsibilities of the Group Managing Director/Chief Executive Officer (GMD/CEO) include:

- a) collaborate with the Board and management to define and articulate NGX Group's vision and the strategies for achieving that vision;
- b) develop annual business plans and budgets that support the strategic direction approved by the Board;
- c) develop, recommend and monitor the Board approved strategies for ensuring the long-term financial viability of HoldCo and as applicable NGX Group;
- d) monitor and report the status of implementation of HoldCo and NGX Group's strategic imperatives;
- e) evaluate HoldCo and NGX Group's accomplishments and performance on a regular basis;
- f) serve as a conduit through which the Board and Board Committees are provided sufficient and relevant information to act effectively;
- g) build and maintain an effective senior management team capable of delivering NGX Group's strategy and objectives and identify, develop and recruit new talent to ensure effective succession to senior management positions;
- h) develop and recommend policies for the approval of the Board and ensure their effective implementation;
- i) keep under review the integrity of all control systems and management processes including risk management;
- j) ensure that there is in place an effective system of delegation of authority, cost control, financial control and balance sheet management;
- k) oversee operations of the HoldCo and ensure compliance with legal and regulatory obligations;

- l) act as an interface between the Board and the employees;
- m) provide input to the Governance Committee with reference to the appointment and retirement of Executive Directors;
- n) maintain effective communication with the Group's stakeholders in conjunction with the Chairman;
- o) identify and aggressively pursue improvement and business development opportunities for the HoldCo and the Group; and
- p) serve as the primary spokesperson and representative for the HoldCo.

4.2.2 The GMD/CEO should also demonstrate the following key competencies and behaviour:

- a) strategic leadership and influence;
- b) strategic communication;
- c) integrity and accountability;
- d) high performance standards;
- e) entrepreneurial initiative; and
- f) company capacity development.

4.3 Non-Executive Director

4.3.1 The primary role of the Non-Executive Director is to provide independent judgment as well as necessary scrutiny to the proposals and actions of management and Executive Directors especially on issues of strategy, performance evaluation and key appointments.

4.3.2 The Non-Executive Director shall:

- a) constructively challenge and contribute to the formulation of the Group's strategic initiatives, and ensure that the necessary resources are in place to achieve its objectives;
- b) scrutinize the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance;
- c) complement the skills and experience of executive management, by bringing forth a different range of knowledge, experience and insight from other industries;
- d) demonstrate the knowledge required for a proper understanding of NGX Group's activities and associated risks;
- e) apply judgment to the business of HoldCo and the NGX Group, leveraging on their own experience and knowledge of the business; and
- f) represent and protect the interest of minority shareholders in business decisions.

4.3.3 The Non-Executive Director should also demonstrate the following key competencies and behaviour:

- a) integrity and high personal and professional ethical standards;
- b) sound and independent mind;
- c) visionary and imaginative with a good strategic foresight;
- d) ability and willingness to challenge and probe issues respectfully;
- e) strong interpersonal skills;
- f) willingness to confront management and deal with tough issues;
- g) sufficient strength and character to seek and obtain full and satisfactory answers within the collegiate environment of the Board; and

- h) willingness and commitment to devoting the required amount of time to carrying out the duties and responsibilities of the Board.

4.4 Independent Non-Executive Director

4.4.1 In addition to the articulated requirements for the position of Non-Executive Director, the INED will be expected to fulfil the following additional roles:

- a) be available to shareholders and institutional investors if they have concerns relating to matters, (i) where contact through the normal channels of the Chairman and GMD/CEO has failed to resolve, or for which such contact may be inappropriate; or (ii) where the Chairman and or GMD/CEO require their assistance to jointly undertake these engagements;
- b) demonstrate understanding of the issues and concerns of shareholders (major and minor), including attending meetings where necessary with shareholders to listen to their views in order to help develop a balanced understanding perspective on those issues and concerns;
- c) help the Board to get the most out of its businesses by providing objective inputs to strategic thinking and decision making, while ensuring full compliance with statutory rules and regulations;
- d) serve as a check by providing unbiased and independent views to the Board and ensuring that minority shareholders' interests are protected; and
- e) contribute to the overall quality and effectiveness of the Board by providing objective inputs to strategic issues and decision making, while ensuring full compliance with statutory rules and regulations.

4.4.2 The INED should also demonstrate the following key competencies and behaviour:

- a) integrity and high personal and professional ethical standards;
- b) sound and independent mind;
- c) visionary and imaginative with a good strategic foresight;
- d) ability and willingness to challenge and probe issues;
- e) strong interpersonal skills;
- f) willingness to confront management and deal with tough issues;
- g) sufficient strength and character to seek and obtain full and satisfactory answers within the collegiate environment of the Board; and
- h) willingness and commitment to devote the required amount of time to carrying out the duties and responsibilities of the Board.

4.5 Executive Director

4.5.1 The roles and responsibilities of the ED include:

- a) assist in the development of current and long-term organisational goals and objectives as well as policies and procedures of HoldCo's operations. He or she should establish plans to achieve goals set by the Board;
- b) utilise management skills and strategy and foster a suitable environment to ensure revenue and profitability objectives are met;
- c) carry out supervisory responsibilities in accordance with HoldCo's policies and procedures;

- d) facilitate strategic planning and implementation to drive the growth and development of the assigned division or Directorate;
- e) implement and monitor HoldCo and the NGX Group's strategies, policies and budgets;
- f) avoid conflict of interest in personal and HoldCo and the NGX Group's dealings;
- g) exercise independent judgment in carrying out his or her duties;
- h) deploy own specialist knowledge and experience to assist the Board in consideration of strategic issues, and ensuring that decisions taken are in the HoldCo and NGX Group's best interest;
- i) provide staff with timely, candid and constructive performance feedback while developing employees to reach their potential and providing challenging opportunities that enhance their career growth;
- j) place the interest of the HoldCo's before that of his/her assigned division, being prepared to participate fully in the Board's collective decision-making as a team member rather than a functional or cluster advocate;
- k) act in good faith and honesty always, and in HoldCo's and NGX Group's best interest, while having regard to the impact on the long-term consequences of decisions taken on stakeholders;
- l) help ensure that the Board receives appropriate and timely information and presentations necessary for it to fulfil its duties; and
- m) exercise reasonable care, skill and diligence in carrying out assigned duties.

4.5.2 The Executive Director should also demonstrate the following key competencies and behaviour:

- a) integrity and accountability;
- b) high performance standards;
- c) entrepreneurial initiative; and
- d) strategic Communication

4.6 **Group Company Secretary**

The roles and responsibilities of the Group Company Secretary include:

- a) ensure that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation;
- b) provide the Board as a whole and the Board members individually with detailed guidance on their duties, responsibilities and powers;
- c) in conjunction with the Chairman, work toward ensuring that there is cohesion within the Board;
- d) provide a central source of guidance and advice to the Board, and within the Group, on matters of ethics and good governance, as well as administrative support to the Board and Board Committees;
- e) in consultation with the General Counsel, advise all Board members, on changes in legislation and any law relevant to or affecting the HoldCo and the NGX Group;

- f) ensure that the procedure for the appointment of Directors is properly carried out and assist in the proper induction, orientation and development of Directors, including assessing the specific training and developmental needs required by Directors to perform their fiduciary duties and other responsibilities;
- g) coordinate the annual evaluation of the Board, its individual Directors and Committees of the Board;
- h) coordinate, organise and attend meetings of the Board and shareholders and ensure that the correct procedures are followed;
- i) working in conjunction with the Chairman, communicate the board calendar for the next year at the last meeting in the previous year ;
- j) ensure that notices of meetings are timely circulated in accordance with the Memorandum and Article of Association and this Board Charter;
- k) compile Board and Board Committee papers and ensure that the Board's discussions and decisions are clearly and properly recorded in the minutes and communicated to the relevant persons;
- l) ensure that board papers are of good quality and can assist Directors in decision making;
- m) elicit appropriate responses, feedback, and input to specific agenda items in the Board and Board Committee deliberations;
- n) ensure that the minutes of the Board and Board Committee meetings are circulated to the Directors in a timely manner, after the approval of the Chairman of the Board or Chairman of the relevant Board Committee;
- o) effectively track the implementation of decisions made during Board and Board Committee meetings;
- p) ensure that the Board Charter and Board Committee Terms of References and governance policies are kept up to date; and
- q) act as the primary point of contact for institutional and other shareholders, especially with respect to matters of Board operations and corporate governance.

5. DELEGATION TO MANAGEMENT

- 5.1 The Board delegates to the GMD/CEO, the authority and powers to manage the day-to-day business affairs of the HoldCo, subject to the provisions of the Delegation of Authority Framework and such other specific delegations and limits that the Board makes from time to time.
- 5.2 The GMD/CEO has the authority to sub-delegate such authority and powers to such members of the executive or senior management team as he/she shall determine from time to time.

6. APPOINTMENT OF DIRECTORS

- 6.1 The Board shall establish a formal and transparent process for the appointment of Directors to the Board, which shall be codified in a Policy approved for this purpose;

- 6.2 The Board recognizes that in order to remain effective, it must appoint and develop members and refresh the overall competency on the Board from time to time;
- 6.3 The Board shall, through the BGRC, proactively assess the qualities and skills needed to complement the Board, upon the recognition of an exit or vacancy on the Board and develop specifications of the skills, personal attributes, knowledge and experience required to fill the identified gap.
- 6.4 The BGRC shall be responsible for the identification and recommendation of NEDs for appointment to the Board. The support of the Human Resources of the NGX Group will be required for the appointment of Executive Directors;
- 6.5 The appointment process may be performed with assistance of an independent external consultant.
- 6.6 The terms and conditions of a Director's employment or service on the Board should be in writing and issued to the Director in the form of a contract.; and
- 6.7 Ordinarily, the GMD/GCEO or an ED should not go on to be the Chairman of the Board. However, where it becomes necessary that a former GMD/GCEO or an ED should be the Chairman, a cool-off period of three (3) years should be adopted.

7. TENURE OF DIRECTORS

- 7.1 Save for the **NEDs** that are on the Board during the transition period, which is 18 months post demutualization, other **NEDs** will be appointed for an initial term of three (3) years and may be re-elected for a maximum of three (3) subsequent terms (i.e. a total of twelve (12) years), subject to satisfactory performance, approval of the shareholders, retirement age and attendance of at least two-thirds of all board meetings in the preceding financial year.
- 7.2 **INEDs** will be appointed for an initial term of three (3) years and may be re-elected for a maximum of two (2) subsequent terms (i.e. a total of nine (9) years), subject to satisfactory performance, approval of the shareholders, retirement age and attendance of at least two-thirds of all board meetings in the preceding financial year.
- 7.3 Retirement age for NEDs/INEDs is seventy (70) years. However, this may be extended to a maximum of seventy-five (75) years subject to performance. A Director aged over 70 shall become due for re-election at the Annual General Meeting (AGM) annually and his age must be disclosed to the shareholders.
- 7.4 Without prejudice to the Board's powers under item 7.7 below, **the GMD/CEO** shall be offered a five (5) year renewable contract subject to performance and retirement age.
- 7.5 Without prejudice to the Board's powers under item 7.7 below, the EDs shall be offered a five (5) year renewable contract subject to performance and retirement age.
- 7.6 Mandatory retirement age for the GMD/GCEO and EDs is sixty (60) years.
- 7.7 The tenure for the GMD/GCEO and EDs may also be varied by the Board in exceptional circumstances.

8. RE-ELECTION OF DIRECTORS

- 8.1 The process for Director re-election shall be in accordance with Section 285 of CAMA 2020, which requires that, at least one-third of the NEDs on the Board retire from office at each

annual AGM. Retiring Directors may be eligible for re-election;

- 8.2 The Directors to retire in every year are those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire are (unless they agree among themselves) determined by lot; and
- 8.3 Prior to each AGM, the BGRC will assess the performance of each Director due to stand for re-election based on their contribution to the Board, attendance at Board meetings, and the result of the Individual Director Peer Appraisal, among other considerations. The Committee will use this assessment to advise the Board on the eligibility of the Director for re-election.

9. DIRECTOR REMUNERATION

- 9.1 The Board shall establish formal and transparent procedures for determining Director's remuneration packages that shall attract and retain the right caliber of Board members. This shall be codified in a Policy to be approved by the Board.
- 9.2 The NEDs' and Senior Management remuneration policy shall be in line with leading governance policies. NEDs shall not be entitled to performance related payment as such incentives align their interests too closely to executives and may impair their objectivity.
- 9.3 Executive Directors' remuneration should be performance driven and restricted to base salaries, allowances, performance bonuses and share options (if any).
- 9.4 Executive Directors are not entitled to sitting allowances.

10. BOARD MEETINGS

- 10.1 The Board shall meet at least once every quarter; however, Ad-hoc meetings can be convened and held as required. Directors are expected to prepare adequately, attend and participate in Board and Board committee meetings.
- 10.2 A calendar of proposed meeting dates shall be drawn up by the Company Secretariat in conjunction with the Chairman and approved by the Board.
- 10.3 In line with the approved calendar of activities, the Group Company Secretary shall reach out to Board members at least two (2) weeks prior to the pre-agreed date for the meeting to determine whether the meeting would be quorate and can proceed as previously scheduled. When it is determined that the meeting shall be quorate, then notice is given to Board members to provide confirmation. Notice may be given by mail (electronic or otherwise), personal delivery to the usual place of business or residence of the Director or any other address given to the Group Company Secretary by the Director.
- 10.4 Where there would be a deviation from the pre-agreed calendar of activities, the Group Company Secretary shall notify Board Members accordingly.
- 10.5 Board meetings may be convened either physically or virtually where all members attend the meeting by telephonic, electronic, video conference or other communications facilities as will permit communication with all persons participating in the meeting simultaneously and instantaneously throughout the duration of the meeting. These virtual meetings shall be conducted in accordance with the Policy on Virtual Board and Committee Meetings.
- 10.6 Having reviewed the matters to be considered at any meeting as enumerated in the agenda, the Chairman shall have the discretion to determine whether or not a meeting should hold

virtually or physically, provided that best efforts shall be used to hold at least one physical meeting annually, where practicable.

- 10.7 Where a meeting is convened physically, a Director may still attend such meeting virtually provided that the Director notifies the Chairman or the Secretary in advance of the meeting that he/she will be attending the meeting virtually.
- 10.8 A Director who attends Board meetings virtually by telephonic, electronic, video conference or other communication facilities will be regarded as being present in such meeting for the purpose of quorum, voting and all other purposes.
- 10.9 In exceptional or urgent circumstances, the Board may either
 - 10.9.1 dispense with meetings and pass resolutions by way of written resolution which may be administered through (i) execution of hard copy documents; (ii) electronic mail voting; or (iii) by voting on the board portal; or
 - 10.9.2 convene an emergency meeting at shorter notice as may be agreed.
- 10.10 The Group Company Secretariat shall present a report at the next meeting reflecting the decision(s) taken pursuant to clause 10.9.1 above and including any comments made by Directors during consideration of the matter. The matter(s) considered and the date of the decision/resolution shall be properly captured in the minutes. The date of the resolution shall however remain the date on which it was originally passed.
- 10.11 Having regard to the importance of a matter and the urgency thereof, Directors are at liberty to request that a proposal submitted for the Board's consideration pursuant to clause 10.9.1, should be considered at a meeting.
- 10.12 Quorum will be comprised of a simple majority, with more NEDs present than EDs. Senior Management Staff may be invited to be in attendance of Board meetings.
- 10.13 Agenda and board papers scheduled for discussion shall be circulated at least seven (7) days before the meeting, and be made available to all Directors;
- 10.14 Board agendas are structured throughout the year to assist the Board to meet its key responsibilities. This includes the Board's consideration of strategy and the achievement of financial and other goals. The agenda should also include the Board receiving a detailed overview of the performance and significant issues confronting HoldCo and the SubCos and identification of major risk elements for review and to enable assets to be properly valued and protective strategies to be in place; Directors will receive detailed financial, operational and performance reports from Management on a quarterly basis and Management shall be available to discuss the report with the Board. The Board shall review the HoldCo's long-term strategic plans and the major issues that it expects the Group to face in the future during at least one Board meeting each year.
- 10.15 The papers submitted to the Board before a Board meeting will include among others:
 - minutes of last Board meeting, including status of implementation of action plans;
 - a report from the GMD/CEO on the operating environment, performance of the Group for the quarter including relevant financial and non-financial information, any challenges faced by the HoldCo, etc.;
 - summary reports of decisions taken at all Board Committee meetings held during the period including items requiring board approval;

- a report of the recommendations from the Group Executive Committee meetings held during the reporting period; and
- details and information on other matters to be discussed.

10.16 The decisions of the Board shall be decided by a majority. Where there is a tie, the Chairman shall have the casting vote. No individual or small group of individuals should dominate the Board's decision-making process.

10.17 Directors will use their best endeavours to attend all Board meetings and to read all necessary documentation and prepare themselves thoroughly in advance of Board meetings. Board members are expected to participate fully, frankly and constructively in discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to bear on board discussions.

10.18 Board members will be required to attend at least seventy-five percent of all Board meetings in a year as a criterion for re-election.

10.19 The Group Company Secretary shall keep minutes of all Board meetings. The minutes shall be signed by the Chairman within a reasonable time after its approval by the Board. The draft minutes must be included in the papers for the approval of the Board at its next meeting, together with a schedule of matters outstanding. The Secretary shall follow up on action plans decided at the meeting and present a status of implementation of the action plans during the next meeting; and

10.20 In addition to the rules of procedure set out in this Board Charter, meetings and proceedings of the Board will be governed by the Company's MEMART.

11. CODE OF CONDUCT

11.1 Directors are expected to adhere to high standards of corporate governance while performing their fiduciary duties.

11.2 In the discharge of their duties and responsibilities, Directors are expected to comply with their legal, statutory and equitable duties and obligations. Broadly, this include:

- a) acting in good faith and in the best interests of the HoldCo and the NGX Group as a whole;
- b) acting with care and diligence and for proper purpose;
- c) avoiding conflicts of interest;
- d) refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director;
- e) Directors will keep Board information, discussions, deliberations, and decisions that are not publicly known confidential and not use information gained through the Board for their, or their related parties' interest;
- f) Directors will devote time and attention necessary to properly discharge their duties and responsibilities. Directors will ensure adequate preparation for, attend and actively participate in Board and Committee meetings; and
- g) Directors will always act judiciously and before dealing on any matter brought before the Board, every Director will evaluate, ask appropriate questions and seek clarifications as appropriate.

12. CONFLICT OF INTEREST

- 12.1 Directors are expected to avoid any action, position or interest that conflicts, or may potentially give an appearance of a conflict, with the interests of the Group.
- 12.2 Directors shall comply with the provisions of the Conflict of Interest Policy of the Hold-Co's Board and shall complete the declaration of interest form annexed to the Policy.
- 12.3 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. A Director that has a conflict of interest shall physically or virtually recuse himself from discussions and the decision on the matter(s) regarding which he has a conflict.
- 12.4 The provisions of Clause 12.3 shall also be applicable in circumstances where the Board dispenses with meetings and chooses to pass resolutions electronically, in writing or via board portal.

13. ESTABLISHMENT OF COMMITTEES

- 13.1 The Board may appoint standing Committees and any ad-hoc Committees, which will assist in discharging its responsibilities. The Board has established the following Committees to consider certain issues and functions in detail:
- Board Risk and Audit Committee;
 - Board Governance and Remuneration Committee; and
 - Board Strategy, Finance and Investment Committee.
- 13.2 In line with the provisions of CAMA 2020 and the relevant Codes of Corporate Governance, a Statutory Audit Committee shall also be established, with membership drawn from the Board and representatives elected by shareholders.
- 13.3 Each Committee shall be constituted with formal Terms of Reference, which shall set out the roles, duties, and authority as well as the requirements for its composition, meeting procedures, and ancillary matters. The Committees shall review their Terms of Reference and recommended them for the Board's approval.
- 13.4 In considering membership of each standing/ad-hoc committee, the Board shall consider the competencies and independence of each individual member in order to prevent conflict of interests;
- 13.5 The Board will facilitate the effective discharge of the duties and responsibilities of Board Committees, by ensuring that committees are provided all necessary information in a timely manner. Committees will also be free to seek independent professional advice at the expense of the HoldCo, subject to Board approval;
- 13.6 A summary of all actions and deliberations by the Committees shall be presented to the Board at the next meeting;
- 13.7 Board Committees will observe the same rules of conduct and procedures as the Board unless the Board determines otherwise; and
- 13.8 Board Committees will only speak or act for the Board when so authorised.

14 INTERLOCKING AND CROSS DIRECTORSHIP

- 14.1 Cross-memberships of Directors on boards of competing companies is not allowed;
- 14.2 No one person shall occupy the position of the Chairman and MD/CEO at the same time within the Company;
- 14.3 The GMD/GCEO shall be a NED in Nigerian Exchange Limited.

15. SUCCESSION PLANNING

15.1 The succession process includes:

- a) identification of positions on the Board and management critical to the HoldCo and the NGX Group;
- b) definition of competency requirements required to fill the identified critical positions;
- c) identification of a talent pool from which successors for the identified positions will be chosen from;
- d) review of the existing skill gaps possessed by individuals in the identified talent pool and articulation of developmental plans to bridge that gap and groom them as potential successors; and
- e) development of a transition plan following the notice of the retirement or exit of a director and the selection of a suitable candidate for succession) that includes knowledge sharing, introduction to stakeholders, orientation and training to assist the successor in effectively fulfilling his role.

16. ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

- 16.1 The Board has the power to obtain advice and assistance from, and to retain at the HoldCo's expense, subject to the prior approval of the Chairman, such independent or outside professional advisors and experts as it deems necessary to carry out its duties.
- 16.2 The Board shall have the sole authority to retain, replace, and approve fees and other retention terms for any consultant or advisors that it shall deem necessary to assist it in fulfilling its duties.

17. INDUCTION AND CONTINUING EDUCATION

- 17.1 The Board shall ensure a formal induction program is developed and implemented to ensure new Board members are adequately acquainted with the Board's purpose, responsibilities, practices and the Group's operations;
- 17.2 Additional training will be provided to directors on continuous basis to enable the directors' gain a broader understanding and knowledge of the Group and the regulatory and competitive environment in which the Group operates; and
- 17.3 Directors are also expected to keep up to date on relevant topical issues.

18. PERFORMANCE APPRAISAL/BOARD EVALUATION

- 18.1 The Board should establish a system to undertake a formal and rigorous annual evaluation of its own performance, that of its committees, the Chairman and individual Directors. This process shall be externally facilitated by an independent external consultant.
- 18.2 To facilitate the assessment, the Board and its committee should set annual goals/targets.
- 18.3 The evaluation system should include the criteria and key performance indicators and targets for the Board, its committees, the Chairman and individual Directors. It should also consider the Board's structure, composition (mix of skills, experience, objectivity, competence of members of the Board, its diversity), responsibilities, processes and relationships, knowledge of the Group and its strategic direction, attendance at meetings, how the Board works together and other factors relevant to its effectiveness.
- 18.4 The result of the Board performance evaluation should be communicated to and discussed by the Board as a whole, while those of individual Directors should be communicated to and discussed with them individually by the Chairman.
- 18.5 Where the performance of a Director is considered to be unsatisfactory, the Board should provide appropriate training to address the identified gaps.
- 18.6 The results of a Director's performance evaluation should be considered in the Director re-election process.
- 18.7 The Board should ensure that an annual corporate governance evaluation, including the extent of application of the NCCG 2018 is carried out. The evaluation should be facilitated by an independent external consultant. The summary of the report of this evaluation should be included in the Group's annual report.

19. AUTHORITY AND ACCOUNTABILITY

- 19.1 The role, function and power of the Board, its members and Committees are determined by law, the Articles of Association of the HoldCo, this Charter and the policies of the HoldCo;
- 19.2 The Board has the power to make any decision in respect of the HoldCo which has not been specifically reserved for decision-making by the shareholders. This power includes the power to exercise the rights as direct or indirect shareholders of the NGX Group. The Board also has the authority to remove members and fill vacancies;
- 19.3 The Board shall exercise its power reasonably, in the interest of the HoldCo and the NGX Group with due regard to the interest of all stakeholders, and in compliance with the relevant rules, regulations and provisions of corporate governance codes;
- 19.4 The Board is ultimately accountable to the shareholders. Each year, the HoldCo shall hold an AGM at a venue accessible to all shareholders, during which the Directors must provide a report to shareholders on the performance of the HoldCo and the NGX Group as a whole, its plans (short and long term) and strategies; and
- 19.5 The General Meeting should be conducted in an open manner allowing for free discussions on all issues on the agenda. Sufficient time should be allocated to shareholders to participate fully and contribute effectively at the meetings. Furthermore, the chairmen of all Board Committees or their representatives, as well as the Chairpersons and CEOs of the SubCos should be present to respond to queries and questions.

20. ACCESS TO INFORMATION

- 20.1 Directors shall be entitled to access to members of the Senior Management via the GMD/CEO or Group Company Secretary at any time to request relevant and additional information or seek explanations on the affairs of the HoldCo and the NGX Group;
- 20.2 Directors shall have access to the NGX Group's internal and external auditors and where necessary, meet with them without the presence of Management, to seek explanations or additional information; and
- 20.3 Directors shall access such information and seek such independent advice as they individually or collectively consider necessary to fulfill their responsibilities and permit independent judgment in decision making.

21. CHARTER ADOPTION AND REVIEW

- 21.1 The Board shall review and re-assess this Charter in detail every three (3) years or earlier as required, to ensure that it remains consistent with the Board's purpose and responsibility.
- 21.2 The Board of Nigerian Exchange Group Plc. approved its Charter on of 2021.

Signature:		
Name:	OTUNBA ABIMBOLA OGUNBANJO	MRS. MOJISOLA ADEOLA
Designation:	CHAIRMAN, NIGERIAN EXCHANGE GROUP PLC.	GROUP COMPANY SECRETARY, NIGERIAN EXCHANGE GROUP PLC.