

**BOARD STRATEGY, FINANCE AND INVESTMENT COMMITTEE (BSFIC) OF NIGERIAN
EXCHANGE GROUP PLC**
Terms of Reference

1. INTRODUCTION

1.1. These Terms of Reference provides guidance on the operations of the Board Strategy, Finance and Investment Committee of Nigerian Exchange Group Plc. (“HoldCo”). The primary purpose of the Board Finance and Investment Committee (“BSFIC” or “the Committee”) is to provide oversight responsibilities in relation to:

- a) Strategy Planning, Monitoring and Tracking;
- b) Capital Planning, Allocation and Management;
- c) Investment Planning and Management;
- d) Budgetary and Performance Reporting; and
- e) Finance.

1.1.1. Strategy Planning, Monitoring and Tracking

The responsibility of the BSFIC for Strategic Planning includes the following:

- a) Constructively challenge management’s assumptions and contribute to the development of the HoldCo and the NGX Group’s Strategy and Performance objectives;
- b) Understand, identify and discuss with management the key issues, assumptions, risks and opportunities relating to the development and implementation of the HoldCo’s strategy;
- c) Ensure that a proper strategic planning process is implemented. This can be done by setting the parameters within which Management develops the strategy – ensure that the strategy is aligned to the business objectives and prevailing operating environment, ensure that an annual strategy retreat is organised for the Board and management to provide input into management’s assumptions and planning, etc.;
- d) Review the resources made available by Management, including business plans and financial, operational and personnel requirements to implement the agreed strategy;
- e) Critically evaluate and make recommendations to the Board for the approval of the HoldCo’s business strategy;
- f) Periodically engage management and act as a sounding board on strategic issues;
- g) Review on a quarterly basis, the effectiveness of the implementation of the Company’s strategic plans;
- h) Review and make recommendations to the Board for approval, the Delegation of Authority Limit for the HoldCo; and
- i) Review the HoldCo and the NGX Group’s strategy and financial objectives and monitor the implementation of those strategies and objectives. This includes the following:
 - ✓ Review the assumptions and rationale underlying the budget and strategy of the HoldCo and the NGX Group on an annual basis;

- ✓ Ensure alignment of the strategy, organisational structure and budget of the HoldCo and the NGX Group;
- ✓ Assess the adequacy of available resources to achieve the HoldCo and NGX Group's strategy and objectives, and propose amendments as required;
- ✓ On a quarterly basis, Monitor management performance and progress against the strategies and objectives of the HoldCo and NGX Group, including assessing the HoldCo and NGX Group's financial position and performance; and
- ✓ Review contract awards for significant expenditure, with threshold as set out in the Manual of Authority.

1.1.2. Capital Planning, Allocation and Management

The responsibility of the BSFIC for Capital Planning, Allocation and Management includes the following:

- a) Review and make recommendations to the Board for approval, the capital structure of the NGX Group including any issue of share options or other securities, any share buy-back, and any other changes in the capital structure of the NGX Group;
- b) Review and recommend to the Board for approval, any proposal for the issue of shares, consideration of debentures, and any other securities for the NGX Group; and
- c) Review and approve proposals for the allocation of capital and other resources within the NGX Group.

1.1.3. Investment Planning and Management

The responsibility of the BSFIC for Investment Planning and Management includes the following:

- a) Review and approve the NGX Group's Investment Strategy;
- b) Review and recommend for approval, the NGX Group's Investment Policy and Framework including all relevant sub-policies
- c) Monitor Management's implementation of the approved Investment Strategy and receive a report/scorecard detailing the level of compliance with the Investment Strategy;
- d) Monitor the implementation of the Investment Policy particularly investments and strategic commitments that may have a material effect on the assets, profits or operations of the Group (including acquisitions or disposals of any business in the Group, joint ventures and alliances), and any material changes in the nature of the business of the Group;
- e) Approval of investment proposals above Management's approval authority limit in NGX Group's Delegation of Authority Framework if they are included in the approved budget; and
- f) Approval of investment proposals above amounts defined in the approval authority limit in NGX Group's Delegation of Authority Framework if they are not captured in the

approved budget. Such investments above the approval limit of the Board Strategy, Finance and Investment Committee (BSFIC) must be referred to the Board of Directors for final approval.

1.1.4. Budgeting and Performance Reporting

The responsibility of the BSFIC for Budgeting and Performance Reporting includes the following:

- a) Review major expense lines periodically, and approve expenditure within the limit of the Committee as documented in the financial Manual of Authorities;
- b) Make recommendations to the Board regarding the design of the budgeting process on an annual cycle in the context of the NGX Group's overall strategy
- c) Make recommendations to the Board regarding any proposal from Management for amendments to the budget during the financial year.
- d) Make recommendations to the Board regarding adequate monitoring of The NGX Group's budget

1.1.5. Finance

The responsibility of the BSFIC for Finance includes the following:

- a) Recommend for Board approval, the Group's dividend policy;
- b) Ensure that an effective tax policy (including transfer pricing) and planning process is implemented; and

2. COMPOSITION

- a) The Committee shall comprise of four (4) Directors including the Group Managing Director/Chief Executive Officer, two (2) Non-Executive Directors, and one (1) Independent Non-Executive Director.
- b) The Board shall have the authority to appoint and remove members from the Committee as it deems fit. The Committee shall comprise members representing a balance of views, knowledge and experience;
- c) At least one member of the Committee shall be knowledgeable in practices and operations of the lines of businesses of the NGX Group;
- d) At least one member that is financially literate;
- e) The Chairman of the Committee shall be a Non-Executive Director. However, the Chairman of the Board can neither be a member nor the Chairman of this committee;
- f) The Committee shall have authority to invite members of management and other relevant individuals to attend its meetings and provide pertinent information as necessary; and
- g) The Group Company Secretary shall serve as the Secretary to the Committee.

3. TENURE

Members of the Committee will be appointed for an initial term of two (2) years and may be re-appointed for a subsequent term of two (2) years or shorter if circumstances so dictate (e.g. resignation from the Board), subject to satisfactory performance and attendance of at least seventy-five percent of all committee meetings in the preceding financial year.

4. RESTRICTION OF POWERS OF THE COMMITTEE

The Board shall reserve the right to make final approval on all matters above the delegated authority of the Committee and all major decisions of the Committee.

5. REMUNERATION

Members of the Committee excluding the Executive Directors, shall be entitled to a sitting allowance as well as reimbursable expenses incurred in the course of their service to the Committee as necessary.

6. MEETINGS

- 6.1 The Committee shall meet at least once quarterly. Ad-hoc meetings may also be held as required.
- 6.2 Committee meetings may take place physically or virtually via any medium, including telephone conference, video conference or such other means, provided that the means does not constrain any Director from contributing effectively to discussions.
- 6.3 Virtual meetings shall be conducted in accordance with the Policy on Virtual Board and Committee Meetings.
- 6.4 Having reviewed the matters to be considered at any meeting as enumerated in the agenda, the Committee's 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.
- 6.5 Where a meeting is convened physically, a member may still attend such meeting virtually provided that the member notifies the Committee's Chairman or the Secretary in advance of the meeting that he/she will be attending the meeting virtually.
- 6.6 A member who attends Committee 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
- 6.7 More than half of the members of the Committee, with a majority of NEDs shall constitute a quorum.
- 6.8 Where the Chairman of the Committee is absent from a meeting, the members of the Committee present shall have the authority to choose one of the Non-Executive Directors present to be the Chairman of that meeting. Where a member of the Committee leaves the meeting, and by reason of that departure, the number of Committee members in attendance falls below the required quorum, the members of the Committee may proceed with the

- meeting and exercise all or any of its powers only where the Committee members present at the meeting are not less than three (3), one of whom shall be the Chairperson of the Committee or any other person duly appointed to chair the meeting
- 6.9 In line with the approved calendar of activities, the Group Company Secretary shall reach out to 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 Member to provide confirmation. Notice may be given by mail (electronic or otherwise), personal delivery or facsimile transmission to the usual place of business or residence of the Director or any other address given to the Group Company Secretary by the Director.
- 6.10 Meeting Agenda and Board Papers scheduled for discussion shall be circulated at least one (1) week before the meeting.
- 6.11 Management will ensure that all information relevant to the discharge of the Committee's responsibilities is provided to the Committee, as requested by the Committee. Management will also ensure that matters of material concern that are relevant to the Committee's responsibilities are brought to the attention of the Committee promptly.
- 6.12 The Group Company Secretary shall keep minutes of the Committee meetings and circulate the draft minutes to all members within one (1) month of the meeting after the Committee Chairman has given preliminary approval.
- 6.13 The minutes shall be included in the working papers to be presented at the next meeting of the Committee.
- 6.14 The Group Company Secretary shall follow up on action plans decided at meetings and present a status of implementation of the action plans at the next meeting.
- 6.15 In exceptional or urgent circumstances, the Committee may either
- 6.15.1 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
 - 6.15.2 convene an emergency meeting at shorter notice as may be agreed.
- 6.16 .The Group Company Secretariat shall present a report at the next meeting reflecting the decision(s) taken pursuant to clause 6.15 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.
- 6.17 The Group Company Secretary shall make minutes of meetings, agenda and supporting papers available to any Director upon request, provided no conflict of interest exists.

7. CONFLICT OF INTEREST

- 7.1 Members shall strive to avoid any action, position or interest that conflicts with the interest of the Group, or that can potentially conflict with the interest of the Group. Also, the personal interest of a Director should not take precedence over the Group.
- 7.2 The Secretariat shall ascertain, at the beginning of each meeting, the existence of any

conflicts of interest and minute them accordingly. A Committee member 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.

- 7.3 In circumstances where the Committee dispenses with meetings and chooses to pass resolutions electronically, in writing or via board portal, the Secretariat shall circulate the conflict of interest form via electronic mail to the Members for their completion. The completed forms would be reviewed by the Secretariat and Members who are conflicted would be noted, Papers on subject matter shall not be sent to the conflicted Members and they would abstain from voting on the subject matters.

8. PERFORMANCE EVALUATION

As part of the annual Board Appraisal exercise, the Independent Consultant appointed by the Board for the appraisal exercise would carry out an assessment of the performance of the Committee. This evaluation will follow the following procedure:

- 8.1 At the beginning of the fiscal year, the Committee will set its annual goals;
- 8.2 The goals set above will be evaluated and approved by the Chairman of the Board;
- 8.3 At the end of the fiscal year, the Committee would perform a self-assessment on its performance in relation to the approved annual goals and forward the self-assessment report to the Independent Consultant;
- 8.4 The Independent consultant will review and evaluate the approved goals and self-assessment reports prepared by the Committee and present the evaluation report to the Board for approval;
- 8.5 The Board would review and approve the evaluation report; and
- 8.6 The Chairman of the Board would debrief the Committee on its strengths and areas for improvement.

9. ABILITY TO TAKE INDEPENDENT ADVICE

The Committee has the power to obtain advice and assistance from, and to retain at the HoldCo's expense, subject to approval from the Chairman of the Board, such independent professional advisors and experts as it determines necessary or appropriate to carry out its duties.

10. REPORTING AND ACCOUNTABILITY

The Chairman of the Committee will present a written report to the Board at its next meeting following a meeting of the Committee. The report shall cover all matters that should be brought to the attention of the Board, and any recommendations requiring Board approval and/ or action.

11. TRAINING AND CONTINUOUS EDUCATION

The Committee, through the Group Company Secretary, shall make available to new members of the Committee, suitable induction processes; and for existing members, on-going training as may be agreed by the Committee.

12. DISCLOSURES

- a) The membership of the Committee and a description of its duties and activities during the year shall be disclosed in the Company’s Annual Report; and
- b) The Committee’s Chairman or any other nominated member shall be available at the Annual General Meeting to answer questions that relate to the work of the Committee.

13. REVIEW OF TOR

The Committee shall review and re-assess this ToR annually or more frequently as required and make recommendations to the Board on required changes.

14. APPROVAL OF TOR

The Terms of Reference were approved by the Board onMay 2021

Signature:		
Name:		
Designation:	Group Chairman	Chairman, Board Strategy, Finance and Investment Committee