



NCB GROUP REPORTING FRAMEWORK FOR BOARDS & BOARD COMMITTEES

Overview/General Oversight

Subsidiaries of NCB Financial Group Limited (NCBFG), such as Guardian Holdings Limited & Clarien Bank Limited (Clarien Bank), should generally manage their respective affairs subject to the oversight of their Board of Directors. However, this occurs within the scope of NCBFG's right (through ownership) and responsibility (through regulatory requirements and expectations) to exercise some degree of oversight, particularly in certain areas.

This framework is designed to capture the reporting requirements to ensure the appropriate oversight by the holding companies and ultimate holding companies taking into account principles of timeliness, relevance and materiality. Under this framework, holding companies (HCs) and ultimate holding company (UHC) have been designated as follows:

- Clarien Bank Limited (although 100% owned by Clarien Group Limited) will be considered as the Holding Company for Clarien Bank and its subsidiaries ("the Clarien Group")
- Guardian Holdings Limited would be the Holding Company for the Guardian Group
- NCB Financial Group would be the Holding Company for the NCBFG wholly-owned subsidiaries and the Ultimate Holding Company (being the company under which the other companies are held).

Review and Updating of the Framework

The Corporate Secretaries of the UHC and HC are responsible for monitoring the framework on an on-going basis to ensure its efficacy, and for reviewing and recommending changes. It is to be reviewed at least every two years by the Corporate Secretaries, with any proposed revisions to be referred to the respective Governance Committees and approved by the Boards of the UHC and HCs.

General Reporting Requirements of Executives

- The CEOs of GHL and Clarien Bank are responsible for ensuring that their reports to their respective Boards cover the strategy and key performance areas for their entire groups. Appendix I contains items that *might* be covered in the CEO report.
- The CFOs of the HCs should ensure reporting to the boards of the HCs on a consolidated basis (whether or not required for public disclosure purposes). The CFO of the UHC should do likewise.
- The CEO of NCBFG is responsible for ensuring that his/her report to the Board of NCBFG covers the strategy and key performance areas for the entire NCB Group (including the HCs). The CEOs of the HCs are responsible for providing the CEO of NCBFG with performance reports to facilitate the preparation of the consolidated UHC CEO report. Their reports may be in the form of a copy of the reports submitted to their respective Boards, or any other form agreed with the CEO of NCBFG. Additional papers may be submitted where there are items that should be reported that are not in the CEO's report.

- The Executives reporting to Board Committees of the HC and UHC are responsible for ensuring that their reports cover all subsidiaries.
- All the CEOs are ultimately responsible for deciding if a matter requires the attention of the respective Boards between regularly scheduled meetings, and for always giving consideration to what should be escalated to the HC and UHC Boards and Board Committees.

Additional Reporting and Involvement

Additional reporting and involvement is facilitated in a number of ways:

Item	Particulars
Escalation of approved and signed Minutes of Board and Committee meetings	<p>Once approved and signed, minutes are to be escalated as follows:</p> <ul style="list-style-type: none"> • Board minutes should escalate to the HC Board; • HC Board minutes should escalate to the UHC Board (in the case of NCBFG, minutes of Board meetings held by GHL, Clarien Bank and all wholly owned subsidiaries of NCBFG); • Board Committee minutes should escalate to the entity’s board; and • Board Committee minutes should ALL escalate to the relevant HC Board Committee and to the UHC Board Committee <p>E.g. GLOC’s Audit Committee minutes escalate to GLOC’s Board, GHL’s Audit Committee and NCBFG’s Audit Committee. GLOC’s Board minutes escalate to GHL’s Board only. GHL’s Audit Committee minutes escalate to NCBFG Audit Committee. GHL’s Board minutes escalate to NCBFG’s Board.</p> <p>Note: Where an HC has a committee that the UHC does not have, the minutes from that committee should escalate to both the HC and UHC Board. (Guardian has a General Insurance Committee. Its minutes should go to the NCBFG Board in addition to the GHL Board.)</p>
Escalation of issues by Committee Chairs	<p>Committee Chairs should ensure that any material issues, decisions and discussions are escalated to their respective Boards at the next Board meeting after such issues, decisions and discussions are taken.</p> <p>Committee Chairs of HCs should escalate material issues of concern to NCBFG Committee Chairs immediately.</p>
Director involvement	<p>NCBFG will have at least one of its directors serve as directors of each HC. The number of appointees will be determined based on materiality. Materiality will also determine directorships on other boards in each HC’s group. Subject to any legal or regulatory constraints, the nominated directors are expected to escalate matters to the UHC that need to be escalated (for information or otherwise) more urgently than through the escalation of minutes.</p>
Consultation/seeking approval/non-objection of the UHC	<ul style="list-style-type: none"> • The prior approval of the Board of NCBFG should be sought for all Board appointments in respect of wholly owned subsidiaries of NCBFG. • The approval or non-objection of the Board of NCBFG should be sought for items outlined in the Governance Framework documents for GHL and Clarien (attached at Appendix II). • The relevant executive is responsible for seeking escalation and requesting urgent treatment, if required. • All matters requiring approval should be channelled through the respective corporate secretarial teams.
Investor and Public Releases	<ul style="list-style-type: none"> • The CEOs of the HCs or their designates should ensure that directors of the HCs and the NCBFG Corporate Secretary are provided with copies of all investor/public releases issued related to their entities via e-mail on the date of the release. • The NCBFG Corporate Secretarial team will share releases with directors of the UHC.
Meeting of Committee Chairs	<p>At least once a year, there should be a meeting of all Committee Chairs in the Group in their categories (i.e., all Audit Committee Chairs meet; all Risk Committee Chairs meet; all Governance Committee Chairs; all Human Resource/Talent Development & Compensation (TDCC) Committee Chairs meet) with the relevant group executive representatives and corporate secretaries. E.g., the TDCC Chair meeting should include the Chair of NCBFG’s TDCC, GHL’s TDCC Chair and Clarien’s GHR Committee Chair, along</p>

	<p>with the heads of HR for NCB, Guardian Group and Clarien Bank, and the Corporate Secretaries of NCBFG, GHL and Clarien Bank. The meetings will be chaired by the respective UHC Committee Chair. The independence of the committees is to be respected. The meetings are to discuss common issues, how effectively the committees consider themselves supported within the group and the overall effectiveness and efficiency of the reporting mechanisms, along with any other matters the chairs wish to have raised (that would not infringe on independence or offend any legal or regulatory obligations or best practice).</p>
Delegation of Authority/ Responsibilities	<p>There are certain responsibilities that a Board Committee of the HC/UHC may undertake on behalf of a board of a subsidiary (e.g. recommend appointment of and compensation of independent auditors; pre-approval of audit and non-audit services provided by independent auditors). The delegation of these responsibilities should be clearly documented in the appropriate Policies and Charters and approved by the respective Boards and/or Committees (HCs & subsidiaries).</p> <p>In addition, Board approval will be required for all or certain authorised signatories and attendant approval limits. This will be maintained in registers held by the HCs and UHCs to ensure there is consistency of authority to the extent feasible and appropriate.</p>
Board Approved Policies	<ul style="list-style-type: none"> • The Corporate Governance Committees (or Board where there is no Corporate Governance Committee) of companies within the Group are responsible for ensuring that all board-approved policies and charters are kept current. • Where there are Group Policies (established by HCs or UHC) applicable to the parent and subsidiaries, the Boards of the respective entities are required to approve the adoption of those entities. The HCs and UHC, where applicable, will be responsible for ensuring that these policies are not in conflict with any regulations governing the respective entities. It is appreciated that there are some instances where stand-alone policies will be required. • The Boards should specifically consider the scope of application of policies regarding: Codes of Conduct, Securities Trading, Whistleblowing and Financial Crime.
Communication lines	<p>It is intended that there be an open avenue for communication between UHC and HCs as well as between Subsidiaries and Stakeholders (e.g. Corporate Disclosure Policy, Investor Briefings, AGMs, Meeting of Committee Chairs, Matrix Reporting Models)</p>
Board Effectiveness	<p>The UHC will ensure that there is a proper operating framework in place to ensure board effectiveness, which may include:</p> <ul style="list-style-type: none"> • Ensuring there is an adequate number of independent directors in place for UHCs, HCs and regulated subsidiaries; • Ensuring reviews of skills and experience of directors of public and regulated entities within the Group (annually); • Considering the Codes of Conduct applicable to directors, particularly of the UHC and HCs; • Establishing/Reviewing Board Charters, to include lists of matters reserved for the Boards in order to assist directors in discharging their duties; • Reviewing the board performance evaluation process; • Considering director and executive succession strategies/planning; • The items captured in Appendix III.

Compensation Framework of NEDs and Senior Management	Subject to applicable laws, the compensation framework for Non-Executive Directors (NED) of UHCs, HCs and wholly owned subsidiaries as well as senior management requires approval by UHC Board. The fees applicable to the NEDs of companies within the Group must be approved by the relevant Boards prior to implementation.
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SAMPLE OF ITEMS THAT MIGHT BE COVERED IN THE CEO'S REPORT

Item	Description/Particulars
General Performance	Progress chart on initiatives/KPIs (drivers/results) Business Operations concerns (e.g. early warning ratios)
<i>Environmental, Social & Governance</i>	
Identification of key risks and highlighting controls in place to mitigate/ manage those risks (e.g. through use of heat map/risk register)	<ul style="list-style-type: none"> • Solvency/liquidity ratio results • Counterparty/related party exposure • Any risks outside of tolerance levels & monitoring mechanisms • Risk appetite/changes in risk appetite • IT/cyber risks
Social and Environment	<ul style="list-style-type: none"> • Culture: What is desired culture and how is it determined? Report on monitoring mechanisms – e.g., customer complaints, organisational health surveys, staff turnover, reports under whistle blower policies, stakeholder & workforce engagement, corporate social responsibility initiatives. • Environmental responsibility: initiatives, conservation efforts, health and safety issues. • Economic factors: important trends that could help/hinder the achievement of objectives. • Political: Any issues to be aware of/that could impact operation of Group – elections, change in political landscape, Minister(s) with oversight for business areas, etc.; any partnerships entered into with Government. • Legal: Changes to legal landscape that could materially impact operations of the Group. • Any opportunities/new lines of business or products
Disclosure of material developments	Material Developments would include changes in organisation structure; senior management; financial viability; operating licences; business partners (e.g. adverse changes to rating of reinsurers, correspondent bankers); significant change in shareholdings – Top 10 shareholders/those holding more than 5% of total issued shares; changes in ratings of HCs/UHC (e.g. A.M. Best, CariCRIS); Acquisition/Loss of significant business/contracts.
Regulatory Issues/Concerns	Disclosure of material issues related to licences, filings, regulatory compliance risk events or breaches, fines and/or penalties imposed, directions issued, regulatory inspections along with status/progress updates. Any changes or proposed changes to regulatory landscape and expected impact or issues relating to fit and proper status of directors or management.
Material Legal Issues	Disclosure of any legal action/pending or threat of legal action against the Group (UHC, HC and/or subs) with potential for significant financial or reputational impact (<i>A claim is considered material if: 1) it exposes the</i>

	<i>Organisation to serious reputational, or regulatory or legal risks; 2) if the claim amount is at least 0.1% of the entity's unconsolidated operating income; or 3) if the claim amount is at least 0.5% of the entity's unconsolidated total assets.)</i>
Internal Audits rated weak with potential for material impact	Escalation of issues identified within internal audits rated weak with potential for material impact or where resolution is significantly at risk - e.g. audits related to risk management, internal control environment or regulatory audits (all other audit reports would be reviewed by the relevant Audit Committees and issues tracked to resolution)

** Reports should cover areas of which directors of the board of the HC/UHC should be from a corporate governance perspective and to enable them to respond to questions on periodic submissions required of them to regulators.*

Consultation and Non-Objection

Consultation on material changes and developments, particularly where there is uncertainty, is encouraged. The following should involve prior consultation with opportunity for any objections to be addressed:

- Changes in Board composition (additions and removals; resignations should be notified)
 - HCs have the responsibility for approving board appointments in their groups but any appointments are to be advised to NCBFG as UHC in its next board cycle. *The exception being in respect of appointments of persons who would have a conflict with any of the Group's major business lines within that jurisdiction. This should be referred to NCBFG for approval.*
- Revision of Board and Board Committee Charters/Terms of Reference
- Revision of Policies and Procedures or structure for Risk and Compliance
- Giving credit outside ordinary course of business*;
- Charging assets owned by GHIL or Clarien*
- Making material investments*
- Related party contracts*

Similarly, material changes in the nature of the business (e.g., establishing new business entity, new strategic alliances, material outsourcing, joint ventures, co-branding; restructuring; new types of products and services; mergers and acquisitions; establishing business in new territories; restructuring and reorganisations).

(Note that some may require regulatory consultation, and possibly non-objection, also.)

ISSUES CONSIDERED IN STRENGTHENING THE SUBSIDIARY GOVERNANCE FRAMEWORK

Item	Particulars
Board Composition	<p>The following will be factored in the consideration of board appointments:</p> <ul style="list-style-type: none"> • skills and experience required based on nature of business • other board appointments held by potential candidates • possible conflicts of interest (impact on ability to make decisions especially where involves related parties) • residence of board members (it is recommended that the majority of board members are tax-resident in the jurisdiction where the subsidiary is incorporated)
Frequency of and Recording Minutes of Meetings	<p>Board and Committee Meetings should be held as often as considered necessary in the various jurisdictions in which they operate and minutes of those meetings should be recorded, capturing decisions taken and the justification for such, as appropriate, as well as any interests declared by meeting attendees.</p> <p>An annual schedule of Board and Committee meetings shall be created to ensure that there are no clashes created (particularly for directors serving other companies within the Group) and to facilitate the review of regulatory and/or statutory filings (where required) by Boards and/or Committees prior to stipulated deadlines.</p>
Indemnification/Directors Officers Liability Insurance	<p>& The UHC will, in consultation with management, ensure implementation and review adequacy of D&O coverage in place in order to protect directors serving the Group in the event that claims are made against them in relation to the discharge of their duties.</p>
Group Oversight of certain functions	<p>The UHC will ensure that the following areas for which a “group approach” is needed are staffed with the requisite knowledge and experience to discharge the functions required: Risk, Legal, Corporate Secretarial, Compliance, Finance and Internal Audit.</p>
Controls – Audit and Transparency	<ul style="list-style-type: none"> • The internal audit group, the external auditors and senior management shall report to the Boards on the state of the control environment. • The UHC, HCs and all wholly owned subsidiaries of the UHC are required to have financial statements prepared. The frequency will be determined based on the nature of the business and regulatory requirements, where applicable. • The external auditors are invitees to all Audit Committee meetings.
Conflicts of Interest	<p>There is the need for clear direction on the duties of Directors. As far as feasible, directors should be guided by board approved policies as well as legislation governing the companies served.</p>