

**SYGNUS**

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**CORPORATE GOVERNANCE  
FRAMEWORK**

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**1. INTRODUCTION**

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Corporate governance is the system by which companies are directed and controlled, and Boards of Directors are responsible for the governance of their companies. The Board of Directors is committed to the principles underpinning good corporate governance and seeks to proactively adopts corporate governance policies and practices that aligns the interests of the Board and management with those of shareholders and other stakeholders.

**2. INTENT**

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The Corporate Governance Framework (the "Framework") is designed to ensure the independence of the Board and its ability to effectively supervise management's operation of Sygnus. This Framework provides an overview of the corporate governance principles, policies and practices of the Board of Directors of Sygnus. The intent of the Framework is to enable Sygnus to meet the governance expectations of the various Regulators in the jurisdictions that we operate and to assist the Board of Directors (the "Board") in fulfilling their roles in ensuring there is an effective corporate governance structure.

**3. AUDIENCE/SCOPE**

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This Framework applies to the wholly owned subsidiaries and affiliates of Sygnus Capital Group Limited including, Sygnus Capital Management Limited (SCML), Sygnus Capital Limited (SCL), Sygnus Tax Advisory Limited (STA) and Sygnus Credit Investment Limited (SCIL) collectively ("Sygnus").

**4. GUIDING PRINCIPLES**

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The following principles constitute the basic assumptions on which this Framework is established:

Integrity	Trust, integrity and good governance principles of the Board’s governance approach. In doing so, the Board nurtures the strong corporate values and best practices and reinforces the core values of Sygnus.
Accountability	The Board recognizes that transparency is fundamental to good governance, and the Board takes seriously Sygnus’s commitment to constructive shareholder engagement and clear and comprehensive disclosure and financial reporting. In doing so the Board has carefully defined scope of duties of the Board, its committees and management.

Professionalism and Independence	The members of the Board are required to exercise independent judgment in supervising management and safeguarding the interests of shareholders. In fulfilling this role, the Board seeks to instill and foster a corporate environment founded on integrity and to provide management with sound guidance in pursuit of long-term shareholder value.
Oversight of strategy	The members of the Board oversee the strategic direction and the formulation of plans whilst taking into account the risk and opportunities to the business. In carrying out this role, the Board is engaged in setting the long term strategic goals for the organization, reviews and approves business strategies, corporate financial objectives and financial and capital plans that are consistent with the strategic goals of the company
Oversight of Risk and Compliance	The Board actively monitors the organization’s risk profile relative to risk the appetite and seeks to ensure that management’s plans and activities provide an appropriate balance of risk and return.  The Board also actively monitors the Groups compliance with laws and regulations in order to minimize any reputational and legal risk to the Group.
Disclosure and Transparency	The Board believes in transparency and will ensure that timely and accurate disclosure is made on all material matters regarding the Group to the various stakeholders.

## **5. THE ROLE AND RESPONSIBILITIES OF THE BOARD**

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Executive and non-executive Directors share the same responsibilities and are subject to the same constraints. Directors owe both fiduciary duties and general duties of reasonable care, skill and diligence to the company as a whole.

The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Sygnus’s businesses. The Board must ensure that management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. The Board discharges some of its responsibilities directly and discharges others through committees of the Board. The Board is not responsible for the day-to-day management and operations of the Company’s business, as this responsibility has been delegated to management. In fulfilling its responsibilities, the Board shall have unrestricted access to management and authority to select, retain, terminate, and approve the fees of any independent legal, accounting, or other advisor to assist it in fulfilling its responsibilities.

In accordance with good corporate governance practice, the Board has explicitly reserved for itself a number of functions. Powers reserved to the Board are outlined in the Mandate of the Board of Directors. The Board may amend this list of reserved functions at any time.

The Board is also the decision-making body for all other matters of such importance as to be of significance to the Group as a whole because of their strategic, financial or reputational implications or consequences. Responsibilities of the Board will include:

- Playing a major role in setting the tone and culture of the organisation;
- Setting clear objectives and to approving the company strategy;
- monitor the achievement of objectives of the organisation;
- identifying risks and overseeing risk management;
- overseeing internal controls, communications and public disclosure; and
- succession planning and evaluating performance and approving compensation of senior management.

The specific responsibilities of the Board are described in fully described in the Board Mandate.

## **6. DIRECTORS' INDEMNITIES AND INSURANCE**

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The Group has in place Directors' and Officers' Liability Insurance, which provides some cover for the Directors and its Officers against suit by third parties.

The Board has also decided that each Director shall be indemnified to the extent permitted by law.

## **7. BOARD STRUCTURE**

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### **7.1. Size and Composition of Board**

The Board will be a comprise of independent and non-independent members. Each Board will comprise of between 4 and 9 members with the Chairman having the ability to recommend an increase the number of members in accordance with the Company's articles to accommodate the Board's changing needs or circumstances. Each year, the Audit and Governance Committee will review the optimal size of the Board and make recommendations to the Board on its size, taking into consideration legal requirements, succession planning and scheduled director retirements, best practices, skills required to complement the Board's skill set, and the optimal number of Directors needed to discharge the duties of the Board and its committees

### **7.2. Independence of Directors**

The composition of all the Boards of Sygnus will comprise of both independent (non-executive) and non-independent (executive). A director will be considered independent only if the Board has affirmatively determined that the director has no direct or indirect material relationship with the Group.

A Director will not be considered independent if<sup>1</sup>:

- The Director has been an employee or executive officer of the Company within the last three years;
- The Director has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- The Director has received or receives additional remuneration from the Group apart from a director's compensation, participates in that company share option plan or a performance-related pay scheme;
- The Director has close family ties with any of the Company's advisors, Directors or senior employees;
- The Directors holds cross-Directorships or has significant links with other Directors through involvement in other companies or bodies;
- The Director represents a significant shareholder;
- The Director was a former Chief Executive Officer and a period of at least three (3) years has not passed between ceasing employment with the Group and serving on the Board.

Each non-executive Director should provide the Board with all relevant information to assess his or her independence. In the event that there is a change in the Director's independent status this should be disclosed immediately to the Board.

### **7.3. Evaluating candidates for the Board**

The Board derives its strength from the background, qualities, skills and experience of its members. The Board is charged with reviewing the qualifications of potential director candidates and making recommendations to the whole Board. Nominees are selected based on selected factors and acumen. Factors considered by the Committee and the Board in its review of potential candidates include such qualities as:

- has demonstrated, in personal and professional dealings, integrity, high ethical standards and commitment to the values sufficient to generate public confidence;
- the ability to monitor and evaluate the financial performance of the Company;
- is likely to take an independent approach and to provide a balanced perspective;
- has a history of achievements that demonstrates the ability to perform at the highest level and that reflects high standards for himself or herself and for others;
- sound business judgment;
- an openness for the opinions of others and the willingness to listen, as well as the ability to communicate effectively and to raise tough questions in a manner that encourages open and frank discussion.
- prominence in business, institutions or professions; and
- the ability to devote sufficient time to Board and committee work.

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<sup>1</sup> Adopted from the PSOJ Code of Corporate Governance (2016)

## **7.4. Election of Directors**

The process for appointing a director with Sygnus is that, when a vacancy exists, the Board identifies candidates with the appropriate expertise and experience, using external consultants if necessary. The most suitable candidate is appointed but must stand for election at the next annual general meeting following the appointment. Appointment is done via a unanimous vote of the members of the Board. The Directors are subject to annual re-election at the annual general meeting unless the Board determines that there may be a conflict of interest.

### **7.4.1. Non-Executive Directors**

Criteria for the desired experience and competencies of new non-executive Directors will be recommended by the Audit & Governance Committee and will be reported to the Board before a search commences. The Chairman, Chief Executive Officer and at least one member of the Audit & Governance Committee will interview each potential new director, before their appointments are recommended to the Board.

Sufficient personal data with the names of all Directors, nominated or elected, will be presented to shareholders and Directors. This allows for the proper selection of members to the Board and specific committees.

Sygnus will perform appropriate checks on all nominees before they are appointed as a director. A nominated person is required to disclose to the Board any information sought regarding their overall character and ability to fulfil his or her responsibilities as a Director.

Non-executive Directors will be issued with a letter of appointment, which sets out the terms and conditions of their appointment including the expected time commitment agreed with each individual.

### **7.4.2. Procedure for Re-election of Directors**

The process for re-election of a director is in accordance with the Company's Constitution, which requires that at the first annual general meeting of the company, all the Directors shall retire from office, and at each subsequent annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election. The retiring Directors are eligible for re-election unless otherwise restricted.

## **7.5. Term Limits for Directors**

To balance the benefits of experience with the need for new perspectives, the Board has in place term limits that seeks to achieve ongoing renewal. All non-executive Directors will be appointed for an initial period of up to three years, subject to annual re-election by shareholders, which is renewable for a further three years.

The shareholders may, however, choose to re-elect an independent director who has already served for six (6) years. In such instances, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.

In addition, a director is expected to submit his or her resignation to the Chair of the Board for determination by the Board upon recommendation of the Governance Committee where:

- the credentials underlying the appointment of the director is in disrepute;
- the director does not meet eligibility rules under the Board's conflict of interest guidelines; or
- the director is no longer qualified under applicable laws.

In the case where a Director resignation is due any of the reasons listed above or other adverse matters the Board has the discretion to review the impact of the change on the composition of the Board and make a recommendation whether the director should remain on the Board.

In the case where an officer of the Company who is also a Director ceases to be employed as an officer on a full-time basis it shall be deemed that that officer has relinquish the position of Director, excepting that if specifically requested to do so by the Board, may continue to serve on the Board for a defined period pursuant to a resolution of the Company in accordance with the Company's Constitution and the process outlined herein.

The Chief Executive Officer and other executive Directors serves on the Board so long as he or she holds such office.

The Board has no maximum age limit for members sitting on the Board. However, the minimum age limit is twenty-one (21) years of age.

## **7.6. Committees of the Board**

To aid the Board in the optimal performance of its roles and responsibilities, the Board shall establish the following committees:

1. Audit and Governance Committee (AGG);
2. Enterprise Risk Committee (ERC); and
3. Credit Risk and Investment Committee (CRIC) (***This is a mandatory Committee of the Sygnus Capital Management Board only***)

From time to time the Board may create other committees, including ad hoc committees, to examine specific issues on behalf of the Board.

The respective responsibilities of each of the foregoing committees is set forth in the applicable committee mandate. The committees will regularly review and assess the adequacy of their own mandates to ensure that regulatory requirements and best practices are reflected, and recommend changes for approval by the Board. Each committee assesses its effectiveness annually to ensure that it has effectively fulfilled its responsibilities as set out in its mandate.

The Chair of each committee, in consultation with the committee members and senior management,

shall develop work plans for the year and the committee's agenda. Each committee shall annually establish a schedule of major topics to be discussed during the year. Each committee will prepare a report on an annual basis of its activities over the previous year.

The chair of each committee, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chair of each committee, in consultation with the appropriate members of the committee and senior management.

The Board Chair, is responsible to the Board for annually proposing the leadership and membership of each committee. In preparing recommendations the Board Chair will consider the preferences, skills and experience of each director.

Due to the size of some Boards within the companies within Sygnus, matters normally delegated to committees such as audit, governance and risk will be encompassed within the normal operations of the Board itself. The determination will be made by the Chairman of the Board. In such instance the mandate of any such committee will be adopted as required.

#### **7.7. Information provided by Directors**

Each director, in connection with his or her appointment, is required to provide certain documents and information to the company, as the Company may reasonably request.

The information requested may include including the following:

- Personal details such as your address, relatives' names as defined under the Act,
- date and place of birth, and nationality.
- Details of other Board membership/ committees and shareholding in other companies and Details of shares of the Company held by you or your relatives from time to time.
- Signed letters in connection with appointment as Director of the Company to comply with various public filings.
- Such other details that may be applicable from time to time as per applicable laws.

#### **7.8. Other Directorships**

Sygnus recognises the benefits of from the experience Directors bring from other Boards on which they serve, as a result a director may accept other Board appointments, as long as the appointment does not create a conflict with Sygnus's business, and does not detrimentally affect the director's performance.

Board members shall, at the beginning of the year, advise the Board about other Boards on which they serve as Directors. A director should also notify the Board before accepting a Directorship in another company. This is for the Board to be able to assess if his present responsibilities and commitment to the company will be affected and if the director can still adequately provide what is expected of him.

No Director of the Company shall also be a member of the Board of Directors of an unaffiliated financial institution (which includes another, bank, securities dealer, stock broker,), excepting that current

Directors may retain any existing non- financial Directorships which they hold, provided there is no conflict of interest.

## **8. BOARD OPERATIONS**

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### **8.1. Chair of the Board**

The Board Chair is an independent director who is responsible for the management, development and effective functioning of the Board and provides leadership in every aspect of its work. The Board Chair does not serve as a member of any Board committee but attends and participates at Committee meetings. The Board Chair has unrestricted access to management, as well as the authority to engage, at the expense of Sygnus, independent advisors, including legal counsel or other professionals to assist with the execution of the Boards responsibilities.

### **8.2. Conflicts of Interest**

Where the personal or business relationships or interests of Directors and executive officers may conflict with those of Sygnus, they are required to disclose in writing, or by requesting to have it entered in the minutes of the meeting, the nature and extent of any interest they have in a material contract or material transaction with Sygnus. The procedures for dealing with conflicts of interest are outlined in the Code of Conduct for Directors.

### **8.3. Time Dedicated to Board Activities**

Directors are expected to commit the time and resources necessary to properly carry out their duties. Among other matters, Directors are expected to adequately prepare for and attend all regularly scheduled Board meetings. New Directors are expected to understand fully the role of the Board, the role of the committees of the Board and the contribution individual Directors are expected to make.

### **8.4. Meeting Attendance**

The Board shall meet in accordance with a schedule established each year by the Board, and at such other times as the Board may determine. Meeting agendas shall be developed in consultation with the Chair. Board members may propose agenda items through communication with the Chair. The Chair is responsible for ensuring that a suitably comprehensive information package is sent to each director in advance of each meeting. At the discretion of the Board, members of management and others may attend Board meetings, except for separate meetings of the independent Directors of the Board.

Board members are expected to attend the Board meetings and meetings of committees on which they serve, as well as each annual meeting of the shareholders. Members are expected to attend each meeting, unless there are exceptional circumstances that prevent them from doing so.

The Board shall approve a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year. The Chairman and the Senior executive team shall establish the agenda for each Board meeting. The non-management Directors may meet in absence of management Directors as they may deem necessary.

Directors are expected to be fully prepared for each Board meeting, which requires them, at a minimum, to have read the material provided to them prior to the meeting. At Board meetings, each director is expected to take an active role in discussion and decision-making. To facilitate this, the Chair is responsible for fostering an atmosphere conducive to open discussion and debate.

Independent Directors shall have the opportunity to meet at appropriate times without management present at regularly scheduled meetings. The lead director shall be responsible for presiding over meetings of the independent Directors. Independent Directors may propose agenda items for meetings so convened through communication with the Chair.

### **8.5. Quorum at Meetings**

A majority of the Board shall constitute a quorum for the transaction of business and the vote of a majority of the quorum of the Board shall always be needed to decide any action. No business shall be transacted by the Directors at a meeting unless a quorum is present. A director may participate in a Board meeting by means of such telephonic, electronic or other communication facilities. A member participating in such a meeting by any such means is deemed to be present at the meeting.

### **8.6. Special Meetings of the Board**

Special meetings of the Board may be held at any time at the call of the Board Chair, the Chief Executive Officer or Managing Director, or any two (2) Directors.

Notice of a special meeting of the Board shall be given to all Directors and the Chief Executive Officer or the Managing Director. Such notice shall be sent at least twenty-four (24) hours before the date fixed for the meeting. If all the Directors are present at such meeting, notice thereof may be waived by them.

### **8.7. Non-Directors at Board Meetings**

From time to time the Board may have non-Directors attend Board meetings to provide information and opinions to assist the Directors in their deliberations.

The Board, through the Chair and the Chief Executive Officer, will determine non-director attendees at Board meetings. For issues that fall within the terms of reference of a committee, a committee chair may also recommend non-director attendees to the Board Chair.

### **8.8. Information Flows**

The Chairman is responsible for ensuring that the Board receives accurate, timely and high-quality supporting information about the Company's performance at appropriate intervals and in an appropriate manner to enable it to take sound decisions, monitor effectively and provide advice to promote the success of the Company. The Chairman, Chief Executive Officer and Company Secretary will work together to ensure the Directors receive all such information.

## **8.9. The Company Secretary**

The Company secretary provides support for the Board, in particular the non-executive Directors and is a point of reference and support for all Directors. The company secretary will consult regularly with Directors to ensure that they receive any necessary information and will work with the Chairman, Chief executive and management to ensure the presentation of high-quality supporting information to the Board and its Committees.

## **8.10. Director Information and Education**

Directors shall be knowledgeable and informed about the business of the Company and concerning their duties and responsibilities.

New Directors shall be provided with written information about the Company and their duties and responsibilities as Directors to assist them in their education and shall meet with the Chairman, the Chief Executive Officer, and other Executive Officers, as required.

The Chairman shall ensure that procedures are in place to give the Board timely access to the information it needs to carry out its duties. In particular, the Company will ensure that Directors:

- receive a Board package with relevant information prior to each Board and committee meeting;
- receive reports on the work of Board committees following committee meetings;
- are involved in setting the agenda for Board and committee meetings;
- participate in an annual strategic planning session; and
- have full and free access to Sygnus's senior executive team and employees

The Audit and Governance committee along with the Chairman of the Board will also continually assess the education needs of the Directors and if required engage the services of external experts and senior executives to provide training to Directors.

## **8.11. Director orientation**

To enhance the Board's effectiveness, Sygnus will provide a comprehensive induction program for new Directors to assist them in fulfilling their duties and responsibilities as well as fully understanding the nature and operation of Sygnus's businesses, the role of the Board and its committees, and the contribution that individual Directors are expected to make.

Orientation for first-time Directors will begin immediately after they are selected and ideally before their first Board meeting. Each first-time director shall be furnished with a copy of the Company's Articles of Incorporation, By-Laws, and the Code of Conduct for Directors and shall also be given a copy of this Framework.

## **8.12. Evaluation of Board and Directors**

An assessment of the Board and the Board committee performance and effectiveness will be done annually based on the Mandate. Director peer evaluations shall be conducted each year as well. Each Board committee shall conduct an annual evaluation of its own performance. The processes for

assessment of the Board and its committees and for director peer reviews are managed by the Audit and Governance Committee. The results of these evaluations shall be summarized and presented to the Board.

### **8.13. Board Compensation**

Each non-executive Director shall receive fees commensurate with current market rates inclusive of reimbursement of reasonable fees and expenses, for attendance at each meeting of the Board of the Company, or any Committee thereof. The fees paid will be reviewed periodically by the Chairman of the Board and the shareholders. The fees to be paid to each director will be outline in the letter of appointment.

Executive Directors will receive no additional compensation from Sygnus other than in their capacity as a member of the Board or a committee of the Board. Directors who are also officers of the Company are not compensated in their capacity as Directors.

### **8.14. Executive Management Succession**

The Chief Executive Officer and the Chairman shall review the Group's senior level organization structure and the succession plan at least annually on an annual basis evaluate the performance of the Executive Team. Further the Chairman shall on an annual basis evaluate the Chief Executive Officer's performance.

The Chairman and two (2) Directors of the Board selected by the Chairman shall periodically review the succession plan for the Chief Executive Officer and in the event of an emergency or retirement of the Chief Executive Officer shall select and recommend to the Board a replacement for the post of Chief Executive Officer.

### **8.15. Code of Conduct**

#### **8.15.1. Code of Conduct Directors**

The Board has established a Code of Conduct for Directors which describes the behavioral standards expected from a director so that he can better understand and meet the expectations and requirements of the organization and regulators.

One of the Board's key responsibilities is to ensure that Sygnus, through its management, maintains high ethical standards and effective policies and practices designed to protect the Company's reputation, assets and business.

#### **8.15.2. Code of Conduct Employees**

The Board has established a Code of Conduct for Employees of Sygnus. The Code establishes written standards and guidelines designed to promote integrity and ethical behaviour that apply senior management and all employees' of Sygnus.

The Board is required to monitor compliance with the Directors Code of Conduct and is responsible for the granting of any waivers from compliance with the Code. Directors shall be familiar with, and are expected to conduct their activities in accordance with, the Code of Conduct.

## **9. MONITORING/OVERSIGHT MECHANISM**

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### **9.1. Board Oversight**

There is a clear demarcation of roles and responsibilities between the Board and senior executive team that fosters an environment of transparency, confidence and mutual trust in which the Board is able to constructively challenge and provide guidance to management.

The Board shall establish the business objectives of the Company, oversee a planning process and approve the Company's business strategy and its plans for significant operations at least once a year to ensure that the strategic plans adopted by the Group are taken into account and the Group's strategic plans remain appropriate and prudent in light of the Group's current and anticipated business and economic environment, resources and results. The Board shall obtain reasonable assurance, on a regular basis, that there is an ongoing and effective process in place for ensuring appropriate strategic management of the Company.

There should be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

### **9.2. Senior Executive Team**

The responsibility for the operation and administration of the company is delegated, by the Board, to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

Senior management is accountable for implementing the Board's decisions, and is responsible for directing and overseeing the operations of the company. The Chief Executive Officer and the Senior Executive member have written mandates describing their roles, responsibilities and required capabilities of their positions.

The Board will periodically evaluate each Company operating and financial results against forecast results, in light of the Company's business objectives, business strategy and the strategic plans.

### **9.3. Other Oversight functions**

The Senior Executive team delegates some of its responsibilities, which includes of Finance(outsourced), Compliance, and Internal Audit (outsourced), which are responsible for providing enterprise-wide oversight of the operational management. The Chief Legal and Compliance Officer has a direct reporting line to the Board and the respective Board Committee (as appropriate) and reports to the Chief Executive

Officer. The Finance function is outsourced, however independent reports will be periodically prepared and submitted to management and the Board for review and for assessment purposes.

The Board, through the various committee, are responsible for overseeing effectiveness of the oversight functions and the heads of these functions. The mandate of the Audit and Governance Committee sets out specific responsibilities for overseeing Compliance and Audit Services and the mandate for the Enterprise Risk Committee similarly sets out responsibilities for overseeing the Risk Management.

#### **9.4. Reporting and escalation of significant issues to the Board Committees**

Regular reports shall be provided to the Board and the relevant sub-committees of the Board, as appropriate, on significant matters, by the Chief Executive Officer and Chief Legal and Compliance Officer.

### **10. REVIEWS**

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This framework will be reviewed every two (2) years and submitted to the Audit and Governance Committee for review. Any changes will be recommended to the Board for approval.