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**LETSHEGO HOLDINGS LIMITED**

**IDENTIFICATION, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS  
FRAMEWORK FOR GROUP AND SUBSIDIARY BOARDS**

<b>CONSULTATION ROUTING SCHEDULE :</b>			
<b>ROLE</b>	<b>NAME</b>	<b>POSITION</b>	<b>REVIEW DATE</b>
REVIEWER 1	Lebogang Rathedi	Group Governance Administrator	6 February 2018
REVIEWER 2	Dumisani Ndebele	Group Company Secretary	
REVIEWER 3	Board		

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**Table of Contents**

1. INTRODUCTION .....	4
2. OBJECTIVE OF THE FRAMEWORK.....	4
3. SCOPE OF THE FRAMEWORK .....	4
4. RELATED POLICIES .....	4
5. DEFINITION OF TERMS .....	4
6. COMPOSITION OF THE BOARD.....	5
7. PROCEDURE FOR THE IDENTIFICATION AND APPOINTMENT OF DIRECTORS .....	6
8. PROCEDURE FOR THE RE-APPOINTMENT OF DIRECTORS.....	7
9. PROCEDURE FOR RENEWAL OF DIRECTORS CONTRACTS .....	7
10. BOARD EVALUATION .....	8
11. APPROVAL .....	8
ANNEXURE 1 : APPOINTMENT CONTRACT.....	9
ANNEXURE 2: BOARD PROFILING.....	10
ANNEXURE 3: GNSEC APPLICATION FORM .....	11
ANNEXURE 4: BOARD OF DIRECTORS RECRUITMENT SCREENING WORKFLOW .....	13

## 1. INTRODUCTION

The paper lays out the identification, appointment and re-appointment of Directors Framework for Letshego Holdings Limited (Group) and its subsidiaries. It is aligned to the Guiding Principles highlighted in Articles 4 of the Corporate Governance Framework for Subsidiary Boards (CGFSB).

## 2. OBJECTIVE OF THE FRAMEWORK

The purpose of the framework is to:

- a) Ensure standardisation in the identification, appointment and re-appointment of Directors.
- b) Ensure that the Group and subsidiary Boards consists of members with the range of skills and qualities to meet its primary responsibility for promoting the success of the company in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.
- c) Ensure that there is succession planning for Group directors as well as tools and processes for assessing their performances.

## 3. SCOPE OF THE FRAMEWORK

This framework applies to Letshego Group and all Subsidiary Boards and shall be implemented through the Board Charters of Group companies to ensure a consistent approach for the identification, appointment and re-appointment of Board Members. In the event that there is conflict between the local legislation this framework, the local legislation shall prevail.

## 4. RELATED POLICIES

This framework should be read and applied in accordance with all relevant local statutes and regulations that are in force, including but not limited to the following:

- a) Board Charter
- b) Companies Act
- c) Code of Ethical Conduct
- d) Constitution/
- e) Corporate Governance Framework for Subsidiary Boards
- f) King IV
- g) Management of Politically Exposed Persons Policy and Guidelines

## 5. DEFINITION OF TERMS

For purposes of this Framework, the following words and phrases shall have the meaning assigned to them:

- a) *Annual General Meeting (AGM)*: an AGM is a meeting of shareholders that is held annually for the purposes of considering and adopting the annual financial statements, to ratify the

dividends declared and paid during the period, to confirm the appointment and resignation of Directors, to approve the remuneration of the Directors for the past financial period, to approve the remuneration of external auditors for the past financial period, to appoint auditors for the ensuing year and to transact other business which may be transacted at an AGM in accordance with the company's constitution. Any other meeting of shareholders, other than the AGM, shall be called an 'Extra Ordinary General Meeting'

- b) *Board Charter*: the purpose of the Board Charter is to clearly outline the structure of the Board (including the relevant Board Committees and their TOR) and to define the role of the Board as a whole through the identification of powers that have been delegated to it by shareholders through the Articles of Association/ Constitution and general purview of the local statutes and regulations.
- c) *Executive Director*: a full-time employee of the Company, who is also appointed to its Board e.g. the Chief Executive Officer, who is working under a contract of employment and is involved in the day to day running of the Company.
- d) *Independent Non-executive director (INED)*: is a non-executive director of who is 'independent' based on the King III Corporate Governance criteria.
- e) *Group*: Comprises of Letshego Holdings Limited, being the parent company, and its subsidiary companies.
- f) *Memorandum and Articles of Association*: a document (also referred to as articles of association) that specifies the regulations of the Company and defines the mandates over how corporate action are to be accomplished.
- g) *Non-executive director (NED)*: is a Board member who is not an Executive Board member i.e. not involved in the day to day running of the Company's operations.
- h) *Politically Exposed Persons (PEPs)*: PEP refers to a person who is entrusted with public functions within Botswana or by a foreign country or an international organization, his or her close associates or immediate member of the family.
- i) *Subsidiary company*: a company in which Letshego Holdings Limited owns at least 50% of voting shares or has significant control and/or influence as defined in the International Financial Reporting Standards

## **6. COMPOSITION OF THE BOARD**

The Board shall observe the recommended size and composition of the Boards as prescribed in the CGFSB Articles 7 and the Board Charter subject to local legislation.

## 7. PROCEDURE FOR THE IDENTIFICATION AND APPOINTMENT OF DIRECTORS

The following principles will be applied for the identification and appointment of Directors:

- a) Assessment of the current Board's skills, experience and expertise to identify the skills that would best increase Board effectiveness.
- b) Assessment of the needs of the business currently and going forward. The Board should be structured in a way that it:-
  - i. Has a proper understanding of, and competence to deal with, the current and emerging issues of the business.
  - ii. Exercises independent judgement.
  - iii. Encourages enhanced performance of the Company
  - iv. Can effectively review and challenge the performance of management.
- c) Develops an identification criteria for prospective director(s).
- d) Wide in-depth search by the Nominations Committee/Board to generate a list of prospective director(s) who may fill the required criteria through an extensive search in order to attract the best possible candidate.
- e) Where considered necessary, use the services of an independent executive search firm to assess the appropriateness of prospective directors or to supplement a candidate list provided by Directors.
- f) Conduct a CDD on the prospective Director to determine whether the prospective director is a PEP or not. If any of the prospects have/had been identified as a PEP, the Group Compliance Officer must conduct an EDD. The EDD assessment will establish the level of risk that the prospective Director poses.
- g) Where there's a positive identification of a PEP, the discovered information should be escalated to the relevant senior manager accordingly.
- h) It must be noted that Letshego is not precluded from appointing a director(s) who is potential PEP(s).
- i) With regard to subsidiaries, the shortlisted candidates' CV's, Board profiling (Annexure 2) and GNSEC Application Form (Annexure 3) should be sent to the Group CEO for commentary and evaluation through discussions with the country Chairman and CEO.
- j) Once a selection has been made, the CV's of prospective directors should be submitted to GNSEC for support and name clearance.
- k) The Group CEO would then give feedback to the country CEO who will in turn inform and advise the local Board.
- l) The local Board will then give conditional approval of the appointment subject to regulatory clearance.

*A process flow diagram detailing the processes outlined above is included as Annexure 5*

- m) Non-Executive Directors (NED) should be appointed for a specific term subject to re-appointment.

- n) Upon appointment, the NED's should be issued a letter of appointment. The letter should set out:
- i. the expected time commitment
  - ii. terms of the appointment
  - iii. duties of the director
  - iv. breaches of appointment
  - v. remuneration and expenses
  - vi. requirement to disclose director's interests and any matters which affect the director's independence.
  - vii. induction training and continuing education arrangements
  - viii. board policy on access to independent professional advice
  - ix. indemnity and insurance arrangements
  - x. confidentiality and rights of access to corporate information
  - xi. a copy of the constitution
  - xii. organizational chart of management structure
  - xiii. induction procedures.
- o) Appointment(s) is/are ratified by shareholders at the AGM.

## **8. PROCEDURE FOR THE RE-APPOINTMENT OF DIRECTORS**

The re-appointment of Directors will not be automatic. The Board shall observe the recommended practice on Board rotations/Board re-election as prescribed in the Constitution/ Memorandum and Articles of Association of their respective companies.

When re-appointing a director, the following should be considered;

- a) Assessment of the current Board's skills sets
- b) Assessment of the needs of the business currently and future period
- c) Assessment of the PEP status of the director
- d) If a director is available for re-election.

## **9. PROCEDURE FOR RENEWAL OF DIRECTORS CONTRACTS**

Director contracts are often entered into for a fixed period of 3 years. Towards the end of the period, the Chairman and the Director whose contracts is about to expire should either discuss a renewal or breakoff after expiry of the current appointment contract. In the event that the parties discuss a reappointment, an extension or a new contract the following should be considered:

- a) Assessment of the performance of the retiring director based on the last Board Evaluation exercise.
- b) If the circumstances support a reappointment, an application to the GNSEC should be prepared.

## 10. BOARD EVALUATION

### a) The Board, Committees and Board Members

The Board operates in accordance with a Board Charter and Code of Conduct.

- i. The Code of Conduct sets out the ethics and values in accordance with which the Board performs its duties.
- ii. The Board shall conduct a biennial evaluation of the Chairman and Board members.
- iii. Further, the Board Committees shall carryout a biennial self-assessment of their performance.

## 11. APPROVAL

This framework was recommended for approval by Board on the 31 day

of MAY 2019.



**ENOS BANDA**  
**BOARD CHAIRMAN**



**ANNEXURE 1 : APPOINTMENT CONTRACT**

**[ON APPOINTING COMPANY LETTERHEAD]**

Note : Use latest available 'Appointment Letter' that is in force.

**ANNEXURE 2: BOARD PROFILING**

Profiling of skill sets of board members in order to achieve diversity through new appointment

	Type	NED	CEO	GMC member	INED	INED (prospective director)
Name						
Gender/ Age						
Date of appointment						
Qualification(s)						
Other Experiences						

**ANNEXURE 3: GNSEC APPLICATION FORM**

**PROPOSAL TO THE LETSHEGO GROUP NOMINATIONS COMMITTEE  
FOR CLEARANCE OF A PROSPECTIVE INDEPENDENT NON-EXECUTIVE DIRECTOR APPOINTEE**

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**A. DETAILS OF CANDIDATE**

- 1. Name of Subsidiary Company:
  
- 2. Name of the Prospective Independent NED:
  
- 3. Interviewed by:
  
- 4. Date of interview

**B. CHARACTER, AVAILABILITY AND SKILLS ASSESSMENT**

- 1. Does the candidate have an acceptable ethical character which meets the requirements of the Letshego Group Code of Ethical Conduct : YES/NO  
If NO - Provide explanation if the Candidate is still recommended for appointment:
  
- 2. Is the Candidate’s personal and professional reputation impeccable and consistent with the image and reputation of Letshego Group in the business and markets it serves: YES/NO  
If NO - Provide explanation if the Candidate is still recommended for appointment:
  
- 3. Is the Candidate highly accomplished in his/her respective field and has excellent credentials and recognition for his/her achievements: YES/NO  
If NO - Provide explanation if the Candidate is still recommended for appointment:
  
- 4. Does the Candidate have sufficient time to effectively fulfill the role as a Board member of the subsidiary and can attend at least 50% of all the Board and Committee meetings (if he/she is also being considered for Board Committee appointment). Other existing Board memberships and personal commitments of the Candidate should be taken into account when assessing availability): YES/NO  
If NO - Provide explanation if the Candidate is still recommended for appointment:
  
- 5. Please list the skills/expertise that the Candidate will bring to the current Board (*e.g. Government relations, technology and operations, exposure to commercial/microfinance banking, consumer lending services, commercial law, finance, risk management, human resources, etc.*). Also complete/update the attached ‘Profiling of skills sets of current Board members’ to demonstrate the value add and/or diversity that will be achieved by the appointment of proposed NED.

**C. CONFLICT OF INTEREST**

Is the Candidate free of any material conflicts of interest: YES/NO

If NO - Provide reasons:

**D. SUBSIDIARY BOARD SUPPORT**

1. Has the Candidate been supported by the local subsidiary board subject to clearance from GNC.  
YES/NO

*(Clearance proposals should not be referred to the GNC if the local Board support has not been given)*

**E. PROOF OF QUALIFICATIONS AND IDENTITY CHECKLIST** *(Compulsory –All to be ticked ✓)*

1. A full CV of Candidate has been obtained

Reference checks have been performed

2. State any other personal documents that are required by a Local Authority/Regulator which should be obtained from the Candidate:

**PROPOSAL DONE AND SIGNED IN Windhoek ON THIS      DAY OF**

\_\_\_\_\_  
**CHAIRMAN**

\_\_\_\_\_  
**CHIEF EXECUTIVE OFFICER OF SUBSIDIARY**

\_\_\_\_\_  
**GROUP CHIEF EXECUTIVE OFFICER**