BEAUFOND PLC

Corporate Governance

Beaufond Plc

BEAUFOND PLC'S CORPORATE GOVERNANCE

Corporate governance is the system of rules, practices and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community.

Corporate governance is the system by which companies are directed and controlled. ... The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship.

Over the last few years, the Board of Directors of our Company has from time to time developed corporate governance practices to enable the Directors to effectively and efficiently discharge their responsibilities individually and collectively to the shareholders of the Company in the areas of;

- Fiduciary duties
- Oversight of the Management
- Evaluation of the Management performance
- Support and guidance in shaping company policies and business strategies

An attempt has been made here in these guidelines to capture and codify in one place these corporate governance practices.

These guidelines will not only provide a systematic and structured framework as to how it could review and evaluate the Company's performance in an independent manner but would also provide assurance to the Directors in terms of their authority to oversee the Company's management.

These guidelines are subject to future amendments or changes as the Board may find it necessary or advisable for the Company in order to achieve these objectives.

The following Corporate Guidelines have been adopted by the Board of Directors on 24th April 2019 to assist the Board in the exercise of its responsibilities. Corporate Governance is not a directive to be in stone for all time; rather, it is an ongoing process. From time to time Beaufond's principle of Corporate Governance will therefore be reviewed and if necessary amended in the light of experience gained, the needs of the day, the law, and national and international standards.

Dated: 24.04.2019 DIRECTOR & CEO

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I. Background:

Beaufond Plc always believes that efficient corporate governance requires a clear understanding of the respective roles of the Board and of senior management and their relationships with others in the corporate structure. The relationships of the Board and management shall be characterized by sincerity; their relationships with employees shall be characterized by fairness; their relationships with the communities in which they operate shall be characterized by good citizenship; and their relationships with government shall be characterized by a commitment to compliance.

Senior management, led by the Chairman and Managing Director, is responsible for running the day to day operations of the corporation and properly informing the Board of the status of such operations. Management's responsibilities include strategic planning, risk management, financial reporting and compliance.

The Board of Directors has the important role of overseeing management performance on behalf of stockholders. Stockholders necessarily have little voice in the day to day management of corporate operations but have the right to elect representatives (Directors) to look out for their interests and to receive the information they need to make investment and voting decisions.

Pillars of Corporate Governance:

The best practices on corporate governance around the world have different codes of, which are based on land local laws, regulations, and commercial practices, among others. The pillars of successful corporate governance are: accountability, fairness, transparency, assurance, leadership and stakeholder management.

All six are critical in successfully running entity and forming solid professional relationships among its stakeholders which include board directors, executives / Senior Management, officers, professionals, managers, employees, customers, regulators and most importantly, shareholders.

Accountability:

Accountability embraces ownership of strategy and task required to attain organisational goals. This also means owing reward and risk in clear context of predetermined value proposition. When the idea of accountability is approached with this positive outlook, people will be more open to it as a means to improve their performance.

This applies from the staff all the way up to top leadership embracing Risk management within defined formal appetite for risk. This also include fostering culture of compliance to create real and perceived believe that the entity is operation within internal and external boundaries

Fairness:

Fairness means “treating all stakeholders s including minorities, reasonably, equitably and provide effective redress for violations. Establishing effective communication mechanism is important in ensure just and timely protection of resource sand people asset as well correcting of wrongs

Transparency:

Transparency “means having nothing to hide” that allows its processes and transactions observable to outsiders. It also makes necessary disclosures, informs everyone affected about its decisions. Transparency is a critical component of corporate governance because it ensures that all of entity’s actions can be checked at any given time by an outside observer.

Independent Assurance:

In progressing transparency it is important for non-direct actors to obtain confidence that that executive actors are leading the entity towards pre-defined intent and not using it for self and obtain expert advisory on how applied approached can be improved.

Assurance services provide independent and professional opinions that reduce the information risk. Independent assurance is the verification by a third party and acceptance of the product/deliverable and/or the reliability of test results obtained from quality control and acceptance testing.

This independent assurance insures that (1) the representation or acceptance test results are accurate and provide a fair and equitable basis for construction acceptance and (2) quality control testing is accurate and thus will properly indicate process quality.

Leadership;

Direction “defining and offering leadership on organisation’s agenda within the values and principles” that frame the way business should be done. Those charged with governance are responsible for these key strategic issues and for proving leadership in establishing the right culture to drive the performance of the business.

Without clear direction, policy and procedures, the organisation will flounder and likely never to realise its long term goals and potential. This should include leadership and core expertise renewal to both retains knowledge/experience, ensure appropriate representation and continuity.

Stakeholders’ engagement:

Those charged with governance should identify the key stakeholders and how they interact with the business and how they are engaged with to ensure the best outcome for the organisation.

Conclusion:

In summary, the responsibility an individual assumes when he became charged with governance of an entity is considerable and one that should only be taken with a clear understanding of, and commitment to, fulfilling this responsibility to the best of their ability foremost for the stakeholder interest. Having a clear understanding of the principles and practices of good governance will enhance the performance of both the individual and the organisation.

II. Process of the Principles of Corporate Governance:

Contemporary discussions of corporate governance reports present general principles and process around which businesses are expected to operate to assure proper governance.

1. Formation of the Corporate Governance Frame work:

Beaufond Plc has well defied system and procedure by formalising Polices, regulations and Manuals on conduct, company's structure and processes which pay special attention to the healthy practices that they may be subject which in turn, are applied in the day-to-day operations.

These manuals and policies detail and incorporate the company's mission, vision and values, the basic processes and guidelines on the operation of the Company and also the operation of shareholders' meetings, board meetings and other committees' meetings.

As the Company deals with more than 1000 products in life cycle and trade with many countries, the entity may be subject to certain practices or regulations depending on each country, state or zone in which it operates.

Beaufond Plc's manuals and policies are built based on legal, regulatory and institutional principles is a key factor that gives reassurance and certainty to the company's structure and adheres to these principles, as outlined in the respective manuals, which reflect a strong commitment of the entity.

These manuals and policies incorporate very well its Mission, Vision, values, business strategy, future plan and the basic process and guidelines for the efficient operation in all levels; also the shareholders meeting, board meetings and other committees' meetings etc.

These manuals and policies are well-defined, updated year on year and available to all personnel in the Company to foster an effective and efficient operation at all levels of responsibility in order to achieve the Company's goals.

2. Rights and equitable treatment of shareholders:

The healthy practices of corporate governance ensure equal and fair treatment of both majority and minority shareholders, and also the protection of their interests.

Organizations should respect the rights of shareholders and help shareholders to exercise those rights. They can help shareholders exercise their rights by openly and effectively communicating information and by encouraging shareholders to participate in general meetings.

The fundamental rights of shareholders are participation and voting at meetings for the approval of important decisions, participation in the company's earnings, and access to information about the entity, among others.

The shareholders' meeting is the supreme body of the Company. It is the forum by which decisions are made and strategies are set for the future. It is through the meetings of this body where the shareholders exercise their rights of participation and voting in the company's important decisions, such as bylaws changes, the proposal and selection of members of the board, mergers, and acquisitions, among others.

Beaufond Plc is one of the companies which documented the company's shareholders' meetings by giving advance notices to all shareholders and the information provided prior to the meeting, the attendance of shareholders and the frequency of meetings and decisions in the meetings have arrived in a fair and equitable manner, with plurality of visions and building consensus to avoid conflicts of interest. The voting process, if any normally is recorded in the minutes.

3. Interests of stakeholders and other non-stakeholders:

Beaufond Plc's Healthy practices in corporate governance recognize the rights of the stakeholders and encourage cooperation. The strong performance of the company is its interaction with and contributions from stakeholders, which include regulators, investors, employees, creditors, vendors, clients, unions, government, among others - recognize that its stakeholders are essential for the company's development and sustainability.

Beaufond Plc ensures that the members of the company are not violate the rights of the Stakeholders and for any unethical Behaviour, the stakeholders have every right to Report to the secretary of the Grievances committee who is responsible for Defending their rights and to answer complaints.

The grievances thus made by the stake holders are attended, rectified and replied to the respective stakeholders within 3 working days keeping in mind the shake holders rights, obligations and characteristics through the company's policies, and also the strategy, the relationship and the interaction the Company has with these persons.

For non-stakeholders, the company recognizes that they have legal, contractual, social, and market driven obligations, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.

4. Role and responsibilities of the board:

The role and Responsibility of the Board contains six principles:

a. Clarity of the roles of the board of directors and the senior management team,
b. the composition of the board,
c. senior management performance reviews,
d. the committees,
e. succession plan for senior management and
f. Risk measuring.

(a) Clarity and orientation in roles:

Beaufond Plc ensures that,

Clarity in the duties and responsibilities of the board of directors and the senior management team is essential for strong performance.

The board of directors is responsible for defining the company's strategy, and also for overseeing the operation and approving its administration, while the senior management team is responsible for managing, directing and executing the day-to-day operations of the business.

It will be considered necessary that the responsibilities of the board and senior management are detailed, with clearly defined duties. Best practices recommend having well-defined and separate functions of the board and the senior management, to prevent conflicts of interest.

An orientation and training process for new board members and senior management to familiarize new members with the current situation of the company, the strategic vision and what's expected of them. Additionally, the application of an orientation and training process for new members will be definitely considered strength.

The independent board members have broad experience of the entity and their duties, to be able to contribute objective opinions and care for the interests of the shareholders and all stakeholders.

The well-defined responsibilities of the board and senior management are dealt with detailed functions. The company also ensures the responsibilities are aligned with the mission and industry in which the company operates.

(b) Composition and proportion of the board

Integrity and ethical behaviour should be a fundamental requirement in choosing corporate officers and board members. Organizations should develop a code of Conduct for their directors and executives that promotes ethical and responsible decision making.

Beaufond Plc and the board ensures that the composition and proportion of the board of directors should reflect diversity according to the business of the entity and have the experience, independence and ethics necessary to strengthen and solidify the corporate governance and adequate to protect the interests of the company, the shareholders, and all stakeholders.

The board has comprised members with rich experience, in order to complement and enrich decision-making and have good academic Background, experience with mixed genders and excellent credentials.

The board has adequate healthy proportion of independent members having positive factor which gives greater confidence and strength to the decisions made for the company with more objective viewpoint on relevant issues.

Normally the company has the policy to have the independent directors for a term of 3 years and basing on their performance the term may be extended or reduced - such a term to strengthens the independence and diversity among the board members.

(C) Performance reviews, remuneration and recognition

The board has a regular system to review the performance of the senior management team in order to direct their actions towards the goals of the entity.

The company formulated a formal review process with yardstick for senior management on regular intervals with the alignment of the indicators of the strategies and objectives of the company. This review results impact on compensation and other forms of recognition.

That the board plays an active role in the creation and implementation of the Company's strategies and in the review of senior management is considered a positive factor.

Firstly, the existence of a review of senior management by the board of directors, and also the frequency with which the reviews are conducted, the metrics, the details, and the resulting impact is considered as strength.

The impact of the reviews has reflected in both compensations and non-monetary recognition and in plans, to improve performance or dismissals. These measures give greater importance to the performance of senior management in their duties.

Beaufond Plc observes the benefits on the reviews along with the compensation plans for board members and senior management which motivate the board members and senior management to apply their best effort to their duties and the company for the last one decade reaps the benefit from its success.

The compensation committee chaired by the independent director with exclusive experience in Human Resources Management develops various plans suited to the current scenario, so that the objectives of the company are correctly aligned with those of the board members and senior management, preventing conflicts of interest between the parties.

(d) Board meetings and additional committees

The board of directors is the body responsible for the administration of the Company. To facilitate their tasks, the board is supported by intermediary bodies so that decision-making is more efficient.

The Company has formed 12 (twelve) working committees, as these represent a strength in reaching objective and favourable decisions. These committees meets on regular interval of time, foster efficient and constructive meeting sessions which are well-structured and gives greater grounds and solidity to the company's decision-making.

These committees provides a positive factor as this allows relevant corporate issues to be discussed and evaluated thoroughly, which in turn serves as a means of support for stronger decision-making.

All the objectives and frequency of meetings determine decisions with a plurality of opinions and building consensus to prevent conflicts of interest.

All the committee meetings are conducted in formal way by sending information to the members prior to the session and recorded the minutes how the meetings are run, the duration, attendance percentages, and the voting process, among other factors.

(e) Succession plan for the senior management team

Beaufond Plc has efficient successive plans and a strategy to develop talent within the company is fundamental to ensuring the continuity of the business, so as to prevent putting the stability of the company at risk.

Succession planning is a strategic matter and should therefore be overseen and approved by the board of directors. The succession plan reassures shareholders and stakeholders as to the continuity of the business.

The succession plan enumerates for senior management and key positions in the business, and also a talent development plan to guide rising leadership.

(f) Risk assessment and contingency plans

The methodology of Corporate Governance is prepared for any situation that could impact the operation and performance of the Company, considering internal and external factors - economic, political, social, labour, operational, financial and/or environmental, among others, and which could represent a threat to or opportunity for the Company.

The Risk Management Committee and the R&D wing have clearly identified the internal and external risks that could represent a threat to or opportunity for the Company and provide the board the nature of the risks to which the business is exposed and that the Company have defined strategies to mitigate these risks. This strategy for mitigating these risks assures the continuity of the business.

5. Auditing Practices, transparency and disclosure

Beaufond Plc has an excellent healthy audit practices which gives strength to the company and always has open disclosure and transparency of the company with all its stakeholders.

Audit practices

The company has Audit committee with Independent Directors followed by Independent Internal auditors, tasked with monitoring and verifying compliance with company policies and any other to which the company is subject. This fosters a better operation of the company and generates confidence in its proper management.

Beaufond Plc selects the independent directors who are very much knowledge and experience in Auditing, Reporting and decision support etc and have the Internal auditors who have experience, credentials and quality of the reports they produce and have the positive factor for the healthy practices of the Company and also having oversight over conflicts of interest among the members of the Company will be considered a strength, as this fosters good practices and gives reassurance to the decisions made for the Company.

Thus formed Independent audit committee and Independent internal auditors play an important role in corporate governance, as they give reassurance to all stakeholders by providing an independent and objective opinion on the company's financial position and operations.

Beaufond Plc envisages that the internal control systems and internal audits are equally important - these include a review of the company's operational and financial activities in order to guarantee the reliability of information, compliance with policies, follow-up on resolutions adopted at board meetings and committees, and to monitor the proper use of the company's resources and assets, among others.

Transparency and disclosure

Organizations should clarify and make publicly known the roles and responsibilities of board and management to provide stakeholders with a level of accountability. They should also implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Disclosure of material matters concerning the organization should be timely and balanced to ensure that all investors have access to clear, factual information.

Beaufond Plc with good corporate governance practices has the policies for timely, precise and transparent disclosure on matters of interest in the Company, such as its financial situation, corporate governance policies, business strategies, voting rights, and remunerations for board members and senior management, among others.

Thus, Timely, precise and transparent disclosures allows the possibility of supervision and review by all stakeholders, in addition to showing accountability and reliability to them and ensure that the channels for disclosure ensure equal access for stakeholders.

III. Mechanisms and controls:

Corporate governance mechanisms and controls are designed to reduce the inefficiencies that arise from moral hazard and adverse selection. There are both internal monitoring systems and external monitoring systems.

1. *Internal corporate governance controls:*

Internal corporate governance controls monitor activities and then take corrective actions to accomplish organisational goals. Examples include:

a. **Monitoring by the board of directors**:

The board of directors, with its legal authority to hire fire and compensate top management, safeguards invested capital. Regular board meetings allow potential problems to be identified, discussed and avoided. Whilst non-executive independent directors are thought to be more independent, they may not always result in more effective corporate governance and may not increase performance. Different board structures are optimal for different firms.

Moreover, the ability of the board to monitor the firm's executives is a function of its access to information. Company's directors possess superior knowledge of the decision-making process and therefore evaluate top management on the basis of the quality of its decisions that lead to financial performance outcomes, *ex ante*. It could be argued, therefore, that Company's directors look beyond the financial criteria.

b. **Internal control procedures and internal auditors**:

Internal control procedures are policies implemented by an entity's board of directors, audit committee, management, and other personnel to provide reasonable assurance of the entity achieving its objectives related to reliable financial reporting, operating efficiency, and compliance with laws and regulations. Internal auditors are personnel within an organization who test the design and implementation of the entity's internal control procedures and the reliability of its financial reporting.

c. Balance of power:

The simplest balance of power is very common; require that the President be a different person from the Treasurer. This application of separation of power is further developed in companies where separate divisions check and balance each other's actions. One group may propose company-wide administrative changes, another group review and can veto the changes, and a third group check that the interests of people (customers, shareholders, employees) outside the three groups are being met.

d. Remuneration:

Performance-based remuneration is designed to relate some proportion of salary to individual performance. It may be in the form of cash or non-cash payments such as shares and share options, superannuation or other benefits. Such incentive schemes, however, are reactive in the sense that they provide no mechanism for preventing mistakes or opportunistic behaviour, and can elicit myopic behaviour.

2. *External corporate governance controls:*

External corporate governance controls the external stakeholders' exercise over the organization. Examples include:

- competition
- debt covenants
- demand for and assessment of performance information (especially financial statements)
- government regulations
- managerial labour market
- media pressure
- takeovers
- proxy firms

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IV. Board Structure and Composition:

Selection and Evaluation of Board Candidates:

The Board shall be composed of a majority of directors who meet the criteria for independence established by applicable law, including the Listing Agreement and stock exchanges laws at the appropriate time.

The Nominations and Governance Committee will recommend for approval by the Board the director nominees to be proposed by the Board to the Company's shareholders for election or any director nominees to be elected or appointed by the Board to fill interim director vacancies on the Board.

Term Limitations:

The Company will comply with term limitations for Board members mandated by law of the land.

Directors' Elections:

In accordance with the Company's Articles of Association, a nominee shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

COMMITTEES:

The Board has approved the following standing committees:

1. **Audit Committee,**
2. **Remuneration and Compensation Committee,**
3. **Shareholders' / Investors' Grievance Committee,**
4. **Investment Committee,**
5. **Human Resource Management Committee,**
6. **Project Appraisal Committee,**
7. **Risk Management Committee,**
8. **Financial Management Committee,**
9. **Business Development Committee,**
10. **Health, Safety and Environment & Corporate Social Responsibility Committee,**
11. **Corporate Governance Committee and**
12. **Nomination Committee**

All of the members of the Committees will meet the criteria for independence established by applicable law, including the rules and regulations of the respective Securities and Stock Exchange.

Each of the Audit, Remuneration and Compensation Committee, and Nominations and Governance Committees has its own charter. Such charters set forth the policies and responsibilities of the respective committees in addition to the qualifications for membership on such committees.

The Board and each committee have the authority to obtain advice, reports or opinions from internal and external counsel and expert advisers and shall have the power to hire independent legal, financial and other advisers as they may deem necessary, without consulting with, or obtaining approval from, management of the Company in advance.

The Board may, from time to time, form new committees as it deems appropriate. The Board may, to the fullest extent permitted by law, delegate any of its functions and responsibilities to a committee.

V. Board Mission:

(a) "The board is responsible for the successful perpetuation of the corporation. That responsibility cannot be relegated to management".

(b) "The Board is elected by the shareowners to oversee their interest in the long-term health and the overall success of the business and its financial strength. The Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with the shareowners. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Company.

(c) The Board believes that whether to have the same person occupy the offices of Chairman of the Board and Chief Executive Officer should be decided by the Board, from time to time, in its business judgment after considering relevant factors, including the specific needs of the business and what is in the best interests of the Company's shareowners.

(d) The Board of Directors annually elects one of its members to serve as Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board and the shareowners, and shall perform such other duties, and exercise such powers, as prescribed in the By-Laws or by the Board from time to time.

(e) The Board provides advice and counsel to the Managing Director &/ Chief Executive Officer and other senior officers of the Company. The Board oversees the proper safeguarding of the assets of the Company, the maintenance of appropriate financial and other internal controls and the Company's compliance with applicable laws and regulations and proper governance.

(f) The Board will hold regularly scheduled meetings at least four times a year. The secretary of the Board will set the agenda for Board meetings. Any Director may suggest items for inclusion on the agenda. Any Director may raise a subject that is not on the agenda at any meeting. Certain items pertinent to the oversight and monitoring function of the Board will be brought to the Board regularly. The Board will review the Company's long-term strategic plans and the most significant financial, accounting and risk management issues facing the Company.

(g) Annually, the Board will review all relevant relationships of Directors to determine whether Directors meet the categorical standards described above. The Board may determine that a Director who has a relationship that exceeds the limits described in the categorical standards applicable to the Stock exchange laws. The Company will explain in the next proxy statement related to its annual meeting of shareowners the basis for any Board determination that a relationship is immaterial despite the fact that it does not come within the categorical standards set forth above.

(h) The Board believes that management speaks for the Company. From time to time, at the request of management, individual Board members may meet or otherwise communicate with various constituencies that are involved with the Company. Where comments from the Board are appropriate, they will normally come from the Chairman.

VI. The Principle functions & Responsibilities of the board:

The board has responsibility for: CEO selection and succession; providing feedback to management on the organization's strategy; compensating senior executives; monitoring financial health, performance and risk; and ensuring accountability of the organization to its investors and authorities.

The Board should be composed of individuals whose knowledge, background, experience and judgment are valuable to the Company, with the ability to provide advice to management. The Board may also seek legal or other expert advice from a source independent of management.

The Beaufond's Principles of Corporate Governance describes the responsibilities of the board; some of these are summarized below:

- Board members should be informed and act ethically and in good faith, with due diligence and care, in the best interest of the company and the shareholders.

- Review and guide corporate strategy, objective setting, major plans of action, risk policy, capital plans, and annual budgets

- Oversee major acquisitions and divestitures.

- Select, compensate, monitor and replace key executives and oversee succession planning.

- Align key executive and board remuneration (pay) with the longer-term interests of the company and its shareholders.

- Ensure a formal and transparent board member nomination and election process.

- Ensure the integrity of the corporation's accounting and financial reporting systems, including their independent audit.

- Ensure appropriate systems of internal control are established.

- Oversee the process of disclosure and communications.

- Where committees are established, their mandate, composition and working procedures should be well-defined and disclosed.

Board has the responsibility to record the following:

1) "proceedings and resolutions of meetings of the company's members; and

2) proceedings and resolutions of directors' meetings (including meetings of a committee of directors); and

3) resolutions passed by members without a meeting; and

4) resolutions passed by directors without a meeting; and

"A minute that is so recorded and signed is evidence of the proceeding, resolution or declaration to which it relates, unless the contrary is proved".

Therefore a best practice Corporate Governance Framework is likely to have a sound basis for recording and putting into evidence that decisions of the Controllers were appropriately taken. Moreover, the culture of the Enterprise is based on detailed record keeping and documentation of compliance.

VII. Responsibility of the Board of Directors:

The core responsibility of the Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareowners. Directors must full-fill their responsibilities consistent with their fiduciary duties to the shareowners, in compliance with all applicable laws and regulations. Directors will also, as appropriate, take into consideration the interests of other stakeholders, including employees and the members of communities in which the Company operates.

The fundamental role of the members of the Board is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. It is the duty of the Board to oversee the management in the competent and ethical operation of the Company.

In discharging their duties, Directors may rely on the Company's senior executives and outside advisors and auditors. Accordingly, skill and integrity will be important factors in selection of the Company's senior executives and other advisors. The Board has the authority to hire independent legal, financial or other advisors as they may deem necessary.

Directors are expected to attend all meetings of the Board. Directors should devote the time and effort necessary to fulfil their responsibilities. Information important to Directors' understanding of issues to come before the Board or a Committee will be provided sufficiently in advance of meetings to permit Directors to inform themselves. Directors are expected to review these materials before meetings.

The Chairman of the Board shall preside at all the meetings of the board and ensure that,

- Encourage and facilitate active participation of all Directors;
- Serve as a liaison between the independent Directors and the other directors of the Board on sensitive issues and otherwise when appropriate;
- Approve Board meeting materials for distribution to and consideration by the Board;
- Approve Board meeting agendas after conferring with the other members of the Board, as appropriate, and may add agenda items in his or her discretion;
- Approve Board meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Have the authority to call meetings of the independent Directors;
- Lead the Board's annual evaluation of the Chairman of the Board and the Chief Executive Officer;
- Monitor and coordinate with management on corporate governance issues and developments.
- Be available to advise the Committee chairs in fulfilling their designated roles and responsibilities to the Board;
- Be available for consultation and communication with shareowners where appropriate, upon reasonable request (this does not preclude other Directors from being available for consultation and communicating with shareowners, where appropriate); and
- Perform such other functions as the Board or other Directors may request.

Agendas, schedules, and information distributed for meetings of Committees are the responsibility of the respective Committee chairs. All Directors may request agenda items, additional information, and/or modifications to schedules as they deem appropriate, both for the Board and the Committee on which they serve, and they are encouraged to do so.

VIII. Directors' Qualifications:

Directors may be nominated by the Board or by shareowners in accordance with the By Laws. The Committee on Directors and Corporate Governance will review all nominees for the Board, including proposed nominees of shareowners, in accordance with its charter. The assessment will include a review of the nominee's judgment, experience, independence, understanding of the Company's or other related industries, and such other factors as the Committee concludes are pertinent in light of the current needs of the Board.

The Board believes that its membership should reflect a diversity of experience, gender, race, ethnicity and age. The Committee will select qualified nominees and review its recommendations with the Board, which will decide whether to invite the nominee to join the Board.

The Chairman of the Board should extend the Board's invitation to join the Board. The Board will require that nominees become shareowners of the Company prior to the solicitation of proxies for their election.

IX. Directors' Term and Tenure:

In accordance with the By-Laws, Directors are elected for a term of one year. The Board does not believe that it should establish limits on the number of terms a Director may serve. Term limits may cause the loss of experience and expertise important to the optimal operation of the Board. Directors who have served on the Board for an extended period of time can provide valuable insight into the operations and future of the Company based on their experience with and understanding of the Company's history and objections. However, to ensure that the Board continues to evolve and remains composed of high functioning members able to keep their commitments to Board service, the Committee on Directors and Corporate Governance will evaluate the qualifications and performance of each incumbent Director before recommending the nomination of that Director for an additional term.

The Board expects that when an executive who serves on the Board resigns from his or her executive position, he or she will also simultaneously submit his or her resignation from the Board. Whether the individual continues to serve on the Board is a matter for discussion at that time with the Board.

It is the sense of the Board that individual Directors who change the responsibility they held when elected to the Board or who should reach the age of 80 should submit a letter of resignation to the Board to be effective on acceptance by the Board. These letters of resignation will be considered by the Board and, if applicable, annually thereafter.

X. Independent Directors:

The Board may consist of a majority of independent Directors. In making independence determinations, the Board will observe all applicable requirements, including the corporate governance listing standards established by respective Stock Exchange. The Board will carefully consider all relevant facts and circumstances in making an independence determination.

To be considered "independent" for purposes of the Director qualification standards, (1) the Director must meet the bright-line independence standards, and (2) the Board must affirmatively determine that the Director otherwise has no material relationship with the Company, directly or as an officer, shareowner or partner of an organization that has a relationship with the Company. In each case, the Board shall broadly consider all relevant facts and circumstances.

XI. Directors' compensation:

The form and amount of Director Compensation shall be determined by the Committee on Directors and Corporate Governance and then recommended to the AGM for action in accordance with the Committee charter. In determining compensation, the Committee on Directors and Corporate Governance shall take into consideration the responsibilities of the Directors and fees and other forms of compensation being paid by other corporations comparable to the Company.

All Board-level compensation is approved by the shareholders and separately disclosed in the financial statements. Stock in the Company should be a significant portion of Director Compensation.

XII. Annual Performance Evaluation of the Chairman of the Board and the Chief Executive Officer.

To ensure that the Chairman of the Board and the Chief Executive Officer are providing the best leadership for the Company, the Board will annually evaluate the Chairman of the Board's and Chief Executive Officer's performance in an executive session of non-management Directors led by the Lead Independent Director.

The Compensation Committee will measure the Chairman of the Board's and the Chief Executive Officer's performance against each of his or her goals and objectives pursuant to the Company's plans and, after considering the full Board's evaluation of his or her performance, determine the compensation of the Chairman of the Board and the Chief Executive Officer. The full Board will review the Compensation Committee's actions.

The Board shall annually review and ratify corporate goals and objectives relevant to the Chairman of the Board's and Chief Executive Officer's compensation.

XIII. Committees of the Board:

The Board has approved Twelve standing Committees: Audit, Remuneration & Compensation, Shareholders / Investors, Investment, HR Management, Project Appraisal, Risk management, Financial management, Business Development, Corporate Governance, Nomination and Health, Safety, Environment and Social Responsibility Committees The Board may establish additional Committees as necessary or appropriate.

Audit committee established to regulate the auditing profession, which had been self-regulated. Auditors are responsible for reviewing the financial statements of corporations and issuing an opinion as to their reliability. Board audit committees have members that are independent and disclose whether or not at least one is a financial expert, or reasons why no such expert is on the audit committee.

The Audit Committee provides oversight of the Company's accounting and financial reporting processes and the audit of the Company's financial statements and assists the Board in oversight of (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, independence and performance, and (4) the Company's internal accounting and financial controls.

The Audit Committee also reviews and approves related person transactions for which audit committee approval is required by applicable law or the rules of the Stock Exchange.

The Management Development and Compensation Committee evaluate compensation for the Company's directors and the Executive management to ensure it is appropriate. The Management Development and Compensation Committee annually reviews and approves the compensation, including equity compensation, for the Chief Executive Officer, the Company's directors and the Executive management.

The Directors and Governance Committee work with the Board to plan for an orderly succession of leadership within the Board and the Company and to maintain contingency plans for succession in the case of exigencies.

The Committee on Directors and Corporate Governance annually reviews the composition of each standing Committee and presents recommendations for Committee membership to the Board as needed. There is no strict Committee rotation policy and changes in Committee assignments are made based on Committee needs, Director Interests, experience and availability, and applicable regulatory and legal considerations.

Each of the standing Committees has its own charter, which sets forth the responsibilities of the Committee, the qualifications and procedures of the Committee and how the Committee will report to the Board. Each Committee will conduct a self-evaluation annually.

The Chairman of each Committee will determine the frequency of Committee meetings, consistent with the Committee's charter and the Company's needs.

XIV. Annual Board Performance Evaluation.

The Board of Directors will conduct an annual self-evaluation to determine whether the Board and its Committees are functioning effectively. During the year, the Committee on Directors and Corporate Governance shall receive input on the Board's performance from Directors and, through its Chairman, will discuss the input with the full Board and oversee the full Board's review of its performance. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board or any of its Committees could improve.

XV. Management Succession.

The Board will determine policies and principles for selection of the Chief Executive Officer and policies regarding succession in the event of an emergency or the retirement of the Chief Executive Officer. The Board, with input from the Management Development Committee, will oversee senior management development and the planning for succession to senior positions.

XVI. Directors' Access to Officers, Employees, Third parties and Information.

Directors have full and free access to officers, employees and the books and records of the Company. Any meetings or contact that a Director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the Director. The Directors should use their judgment to ensure that any such contact is not disruptive to the business operations of the Company.

The Board welcomes the regular attendance at Board meetings of non-Board members who are in the most senior management positions in the Company. The Chairman of the Board shall extend such invitations.

As far as access to third parties concern, the board believes that management speaks for the company. From time to time, at the request of the management, individual board members may meet or otherwise communicate with various constituencies that are involved with the company. Where comments from the board are appropriate, they will normally come from the Chairman.

XVII. Directors' Orientation and Continuing Education:

All new Directors must participate in the Company's Orientation Program, which should be conducted as soon as reasonably practicable after the meeting at which a new Director is elected. This orientation will include presentations by senior management to familiarize new Directors with the Company's business and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct, its principal officers, and its internal and independent auditors. Any sitting Directors may attend the Orientation Program. The Directors are encouraged to participate in continuing Director Education. The company facilitate the continual education requirement of the director. Each director is entailed to a training fee per annum.

XVIII. Stock exchange listing standards:

As Beaufond Plc arranges to be listed on the stock exchanges that formulated to meet certain governance standards.

Independent directors:

> "Listed companies must have a majority of independent directors...Effective boards of directors exercise independent judgment in carrying out their responsibilities. Requiring a majority of independent directors will increase the quality of board oversight and lessen the possibility of damaging conflicts of interest."

Board meetings that exclude management:

> "To empower non-management directors to serve as a more effective check on management, the non-management directors of each listed company must meet at regularly scheduled executive sessions without management."

Boards organize their members into committees with specific responsibilities per defined charters.

> "Listed companies must have a nominating/corporate governance committee composed entirely of independent directors." This committee is responsible for nominating new members for the board of directors. Compensation and Audit Committees are also specified, with the latter subject to a variety of listing standards as well as outside regulations.