

GOVERNMENT OF LIBERIA: MINISTRY OF STATE FOR FINANCE, ECONOMIC AND LEGAL AFFAIRS

SOE LEGAL BOARD TRAINING

(DRAFT: This report was submitted to the Government of Liberia Ministry of State for Finance, Economic and Legal Affairs for their review/approval.)

JUNE 2010

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IBI International
2101 Wilson Blvd., Suite 1110
Arlington, VA 22201 USA
Tel: (703) 525-2277
Fax: (703) 525-2211
www.ibi-usa.com

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INTRODUCTION

This SOE Legal Expert's Report is a response to the request made by the Minister of State Finance, Economic, and Legal Affairs as part of the Government of Liberia's SOE Reform initiative.

The key to good governance, oversight, and monitoring of any enterprise is an active, committed, and highly qualified Board of Directors. Boards function most effectively when they are fully informed of their rights and obligations. There is a critical need to strengthen the boards on a wide range of subject matters, especially as there have been recent appointments of new board members. This assignment will assist boards by providing legal expertise to assist the boards in their striving toward a more responsible, accountable, and effective governance of selected SOEs. This assignment is also considered a pilot to be the basis of further interventions, should these materialize.

Objectives:

- Develop model By-laws and Board Rules;
- Provide training and guidance on the legal environment that impacts the boards of selected state owned enterprises.

I. SOE BOARD OF DIRECTORS

FORESTRY DEVELOPMENT AUTHORITY

No.	Name	Profession	Board Status
1.	Florence Chenoweth	Minister / MOF	Chairman
2.	Edwin W. Walker	Forest Economist	Member
3.	Bismarck Kuyon	Agriculturist	Member
4.	Roland K. Wohed, Sr.	Lawyer	Member
5.	PPA	Minister / MIA	Member
6.	Amara M. Konneh	Minister / MPEA	Member
7.	Moses Wogbeh	Managing Director/FDA	Secretary

LIBERIA AIRPORT AUTHORITY (FORMERLY ROBERTS INTERNATIONAL AUTHORITY)

No.	Name	Profession	Board Status
1.	Fatu Gittens-White	Professor / UL	Chairman
2.	James E. Banks	Managing Director/LAA	Secretary
3.	Amy B. Clarke	Entrepreneur/Lib-Afric Assoc.	Member
4.	William Witherspoon	Aviation Administrator	Member
5.	William E. Dennis	Rubber Planter	Member
6.	Edward Mulbah	Transportation	Member

NATIONAL PORT AUTHORITY

No.	Name	Profession	Board Status
1.	Binyah Kesselly	Commissioner/Maritime	Chairman
2.	Morris M. Dukuly Sr.	N/A	Vice Chairman
3.	Maureen I. Shaw	N/A	Member
4.	Faustina Merchant	N/A	Member
5.	Mr. Merob	N/A	Member
6.	Amara M. Konneh	Minister / MPEA	Member
7.	Matilda Parker	Managing Director / NPA	Secretary

LIBERIA PETROPLEUM REFINING COMPANY

No.	Name	Profession	Board Status
1.	Amelia Ward	Economist	Chairman
2.	David A. B. Jallah	Lawyer	Member
3.	Ophelia Freeman-Johnson	Educator / Nurse / Zoologist	Member
4.	Nowai Gbalia	Business Woman	Member
5.	William Smith	N/A	Member
6.	Henrique F. Togbah	Educator / CUC	Member
7.	Samuel Jackson	Financial Economist	Member
8.	T. Nelson William	Managing Director	Secretary

Abbreviations

PPA = Pending Presidential Appointment

N/A = Not Available

II. ICD KEY COMPETENCIES FOR DIRECTOR EFFECTIVENESS AND THEIR RELATIONSHIP TO SPECIFIC TASKS

COMPETENCY GROUP: KNOWLEDGE TASKS

C1. Knowledge of Specific Industry, Company and Its Executive Team

Understands the competitive environment in which the company operates. Understands the company strategy and the respective roles of the executive team in operationalizing this strategy. Tasks T1, 2, 4, 5, 6 (see below for description of the tasks)

C2. Knowledge of Board and Role

Understands own responsibilities, accountabilities and liabilities as a director and board member. Is knowledgeable of best practice principles associated with board structure and board processes as set out by the Canadian Coalition for Good Governance. Tasks T1, 2, 4, 5, 6

COMPETENCY GROUP: ANALYTICAL AND TECHNICAL SKILLS

C3. Financial Acumen

Can read and interpret financial reports. Task T1

C4. Group Decision Making Orientation

Can identify and diminish „group think’ tendencies and recognizes decision-making biases in board discussions. Tasks T1, 2

C5. Process Orientation

Makes decisions and seeks outcomes through the consistent application of a logical sequence of steps. Tasks T1, 3

COMPETENCY GROUP: THINKING

C6. Independent Thinking Skills

Maintains own convictions despite undue influence, opposition or threat. Tasks T1, 9

C7. Open-mindedness/Information-seeking Skills

Values the diverse opinions of others and builds innovation on the foundation of other people’s views. Tasks T1, 3

COMPETENCY GROUP: PERSONAL STYLE

C8. Ambiguity Tolerance

Based on limited information, retains a positive outlook when the group is unable to resolve an issue or reach a conclusion and is willing to make a risk-adjusted decision when the outcomes are uncertain. Seeks decisions that optimize the relationship between risk and reward. Tasks T1, 3, 4, 5, 6

C9. Effective Judgement

Applies common sense, measured reasoning, knowledge and experience to come to a conclusion. Tasks T1, 4, 5, 6, 7, 8

C10. Integrity

Trustworthy and conscientious and can be relied upon to act and speak with consistency and honesty. Tasks T1, 3

C11. Self-awareness

Accurately assesses strengths and weaknesses of self and of others and can manage them successfully. Task T9

COMPETENCY GROUP: SOCIAL STYLE

C12. Orientation to Resolve Conflict

Ensures conflict is resolved with justice and fairness in order to restore healthy relationships. Tasks T1, 3, 9

C13. Effective Communication and Listening Skills

Gives and receives information with clarity, attentiveness, understanding and perception. Task T9

TASKS

T1. Understanding and evaluating strategic plans and reports presented by management

In order to effectively understand and evaluate issues and risks, a director must have some level of knowledge of a firm's capabilities and its competitive environment. Individually, directors must also understand that their responsibility is to oversee the development of the firm's strategic plan and obtain management updates on developments affecting the strategy as opposed to being directly involved in the management process. Some basic level of financial acumen is needed to support this task. Directors must also be able to reach their own independent conclusions based on information provided by management to the board. This will require an ability to think objectively and with an open mind in order to see possible trends and patterns or relationships presented by the data which may not be readily apparent in any communication. Finally, directors must be able to communicate their feedback to management in a clear and logical manner.

T2. Monitoring financial performance

Effective monitoring of financial performance requires directors to have some degree of financial acumen, including the ability to read and interpret financial reports. Some industry/company knowledge is required to provide context for the financial data.

T3. Recognizing and validating management's and fellow directors' underlying decision assumptions

To be effective in recognizing and validating the decision-making assumptions of others, it is important to have the analytical skills needed to recognize „group think' dynamics and breakdowns in decision-making logic. Individuals with this skill have a strong level of self-awareness and the ability to examine a situation with a completely objective and open mind in order to reach independent conclusions.

T4. Selecting, hiring and evaluating top management

An effective selection and hiring process requires directors to be knowledgeable about the company and its executive team and to make decisions by exercising their best judgement. To establish an effective evaluation process, directors must have the ability to draw conclusions through the impartial evaluation of other perspectives and views without prejudice or biases.

T5. Setting and negotiating compensation for top management

Setting and negotiating compensation requires directors to exercise effective judgement aided by their industry/company knowledge regarding reasonable compensation measures.

T6. Developing effective succession plans for top management

An effective succession planning process requires directors to be knowledgeable about the specific needs of the company and executive team and to make decisions using their best judgement.

T7. Prioritizing relevant risks

To prioritize risks effectively requires establishing a logical process for first identifying all relevant risks, based on an understanding of the industry/company, and then determining an acceptable relationship between risk and possible reward which should be used to guide a director's decision-making process.

T8. Ensuring appropriate risk levels

An effective board ensures that, once prioritized, relevant risks are continuously monitored for appropriateness.

T9. Supporting an effective and efficient board meeting process

An effective board meeting process is one that promotes effective and efficient decision making based on clear, consistent and honest communication, effective judgement and reasoned debate. This process strives for consensus but also supports initiative and accepts opposition. When conflict does arise, it is dealt with justice and fairness in order to restore healthy relationships.

This material has been extracted from *The Handbook of International Corporate Governance*, published by the Institute of Directors, ©2009. For further details, or to purchase the book, please go to www.iod.com/hicg

III. BOARD SELF-EVALUATION

It is axiomatic that to assess the board's performance in carrying out its responsibilities, the board must have a firm understanding of its responsibilities.

Therefore, the assessment process begins with a review of the board's areas of responsibilities.

In addition to the board considering its own view of its governance role, it might also be useful to consider the management's expectations of the board.

In this regard, the Managing Director (or chief executive officer) could be invited to present the board with a statement of his or her own expectations of the board, for directors to consider as they define their responsibilities.

Once the board has reviewed, articulated, and prioritised its tasks and thereby identified the information it requires from management, it can then benchmark its own success against its expectations and identify substantive areas for improvement.

(Rank answers from: 1 = Needs significant improvement; 2 = Needs improvement; 3 = Consistently good; 4 = Outstanding, one of the best in this area.)

1. BOARD ROLE AND AGENDA SETTING (MONITORING PERFORMANCE AND STRATEGIC PLANNING)					
1.1	Has the board defined its role and responsibilities and communicated the scope of its authority?	1	2	3	4
1.2	In what ways should the board's role be expanded or reduced?	1	2	3	4
1.3	Has the board identified, prioritised and scheduled those issues that it believes should be discussed/reviewed by the board on a regular basis?	1	2	3	4
1.4	Has the board identified the information (both internal and external) it requires on a regular basis, including information by which to benchmark the strategic plan?	1	2	3	4
1.5	Has the board considered/implemented mechanisms designed to identify areas of potential problems in performance before a crisis occurs?	1	2	3	4
1.6	Has the board developed performance objectives that respond to the company's specific needs (including comparisons to other similar companies)?	1	2	3	4
1.7	Is the board effective in monitoring operational and financial performance, the integrity of the processes involved and the company's system of internal controls?	1	2	3	4
1.8	How does this board compare to other boards on which a director serves?	1	2	3	4

2. SIZE, COMPOSITION AND INDEPENDENCE OF BOARD					
2.1	Has the board designed, articulated and implemented the policies – including board eligibility criteria – that ensure an appropriate board size and a composition of skills, breadth of experience, demographics, gender, race and other characteristics among its membership to be effective?	1	2	3	4
2.2	Does the board have a majority of outside directors?	1	2	3	4
2.3	Is the proportion of inside/outside directors appropriate?	1	2	3	4
2.4	Is the board sufficiently independent of management?	1	2	3	4
2.5	Do outside directors have an opportunity to meet without the chief executive officer on a regular basis?	1	2	3	4
2.6	Do board membership criteria ensure that outside directors have sufficient time and independent stature?	1	2	3	4
2.7	Does the board seek outside advice when appropriate?	1	2	3	4
2.8	How could the composition and organisation of the board, including committee structure, be improved?	1	2	3	4

3. DIRECTOR ORIENTATION AND DEVELOPMENT						
	3.1	Has the board defined and communicated its expectations concerning director responsibilities?	1	2	3	4
	3.2	Are new directors provided with adequate information about the company and the board?				
	3.3	Are directors effectively recruited and retained?	1	2	3	4
	3.4	Do directors receive proper training in corporate governance matters?	1	2	3	4
	3.5	Do directors receive continuing education on issues?	1	2	3	4
	3.6	Has a director been specifically appointed to oversee and be responsible for SHE and sustainability issues?	1	2	3	4

4. BOARD LEADERSHIP, TEAMWORK AND MANAGEMENT RELATIONS						
	4.1	How effective is the board's leadership, both at the board and the committee levels?	1	2	3	4
	4.2	Is board leadership distinct from management leadership?	1	2	3	4
	4.3	Does the board effectively manage the conduct of board business?	1	2	3	4
	4.4	Is the board effective as a team?	1	2	3	4
	4.5	How well does the board work with the chief executive officer and other managers?	1	2	3	4
	4.6	Do the directors and the chief executive officer work to create an open culture that encourages frank discussion?	1	2	3	4

5. BOARD (AND COMMITTEE) MEETINGS					
5.1	Are board (and committee) meetings productive?	1	2	3	4
5.2	Are the number of scheduled meetings sufficient?	1	2	3	4
5.3	Does the agenda-setting process allow for appropriate issues to be raised as necessary?	1	2	3	4
5.4	Is the agenda ordered with sufficient time to discuss the most complex and critical issues?	1	2	3	4
5.5	Can and do directors influence the content of the agenda?	1	2	3	4
5.6	Do directors receive sufficient information about agenda items in advance?	1	2	3	4
5.7	Is the quality, quantity, and timing of information given to directors adequate?	1	2	3	4
5.8	Is sufficient meeting time devoted to discussion of corporate performance and review of strategic issues?	1	2	3	4
5.9	How could board committees be improved in terms of meeting frequency, duration, content, location and interests?	1	2	3	4
5.10	How well informed are non-committee members about the deliberations of each committee?	1	2	3	4
5.11	Could the information prepared for the board be improved in terms of presentation, timeliness, level of detail, content or focus?	1	2	3	4
5.12	Are the information needs of the board expected to change over the next few years?	1	2	3	4

6.	DIRECTOR AND BOARD EVALUATION, COMPENSATION AND OWNERSHIP					
6.1		Are directors, committees and the board regularly and effectively evaluated?	1	2	3	4
6.2		Is the board ensuring that directors are meeting board standards and expectations?	1	2	3	4
6.3		Has the board assessed its maximum potential, both individually and as a group?	1	2	3	4
6.4		Has the board surveyed others who perform better than it does, and assessed how it can learn from them?	1	2	3	4
6.5		Has the board considered benchmarks by which to gauge board performance?	1	2	3	4
6.6		Does the board have a credible process for reviewing its progress in meeting its goals and for maintaining the necessary resources and corporate support to function effectively?	1	2	3	4
6.7		Is the board committed to continuously improving performance, with well established procedures for setting performance goals?	1	2	3	4
6.8		Is there a process for reducing evaluations to recommendations that are monitored for compliance?	1	2	3	4
6.9		Is the free and open exchange of views encouraged?	1	2	3	4
6.10		Are directors properly compensated?	1	2	3	4
6.11		Does director compensation provide incentives for maximum performance?	1	2	3	4
6.12		Is director compensation structured so as to align the interests of the directors with the long-term interests of the corporation?	1	2	3	4
6.13		Are there clear policies and programmes in place to encourage director stock ownership over the short and long-term?	1	2	3	4
6.14		Is the stock ownership position of individual directors and the board as a whole acceptable?	1	2	3	4

7. MANAGEMENT EVALUATION, COMPENSATION AND OWNERSHIP					
7.1	Does the board regularly evaluate the performance of the chief executive officer?	1	2	3	4
7.2	Does the board regularly evaluate the performance of other senior managers?	1	2	3	4
7.3	Does the board regularly evaluate the company performance?	1	2	3	4
7.4	Can the board's methods of measuring management performance be improved?	1	2	3	4
7.5	Has the board created an appropriately designed management compensation plan?	1	2	3	4
7.6	Does the board effectively reward performance?	1	2	3	4
7.7	Are there clear policies and programmes in place to encourage management stock ownership as appropriate?	1	2	3	4

8. SUCCESSION PLANNING					
8.1	Does the board have a company-wide succession plan in place?	1	2	3	4
8.2	Does the board have a specific succession plan for the chief executive officer?	1	2	3	4
8.3	Is the board familiar with other senior managers in the company and does it regularly review their strengths as possible successors?	1	2	3	4

9. ETHICS					
9.1	Does the board communicate the proper ethical and legal responsibilities to its members?	1	2	3	4
9.2	Does the board ensure ethical behaviour and proper compliance standards throughout the organisation and set the right "tone at the top" by its own behaviour?	1	2	3	4

10. CONSTITUENCIES					
10.1	Does the board ensure appropriate consideration for the treatment of various constituencies, including shareowners, employees, customers and communities?	1	2	3	4
10.2	Does the board communicate effectively with institution shareowners?	1	2	3	4

As regards management/board relations, it may be beneficial to obtain management views on the board's performance. In this regard, the chief executive officer might be asked to consider how he or she would assess the board, perhaps with input from other senior executives who have regular contact with the board – the chief operating officer, chief financial officer, general counsel, corporate secretary, or others. The issues that management might consider include:

• Is the division of responsibility between management and the board appropriate and clear?	1	2	3	4
• Does the board provide wise counsel?	1	2	3	4
• Does the board provide clear direction?	1	2	3	4
• Does the board challenge management as appropriate?	1	2	3	4
• Does the board engender management's trust (and does the board hold information confidential)?	1	2	3	4
• Does the board focus on the appropriate issues?	1	2	3	4
• Is the board too "micro" in its supervision?	1	2	3	4
• Does the board request appropriate, relevant information?	1	2	3	4
• Are board members prepared for board meetings?	1	2	3	4
• Are board members knowledgeable about the company and the issues it faces?	1	2	3	4
• Is the proper mix of expertise reflected on the board?	1	2	3	4

IV. THE WORKING PROCEDURES OF THE BOARD OF DIRECTORS

THE MINUTES OF BOARD OF DIRECTORS MEETINGS

The Board of Directors must keep minutes of its meetings.

The minutes must be prepared within 10 days after the meeting and must be kept in the company archives.

At a minimum, the minutes must contain the following:

- Location and time of the meeting;
- Names of attending and absent members;
- Agenda of the meeting;
- Agenda items and the voting results;
- Short description of meeting deliberations and voting of each individual director; and
- A description of Board of Directors' decisions.

The Chairman and Corporate Secretary are responsible for the accuracy of the minutes.

The minutes must be signed by the Chairman and the secretary of the Board.

The minutes provide only a brief summary of the Board of Directors meeting.

Beside minutes, every meeting should be followed by making verbatim reports, that contain a word-for-word account of discussions held.

They are integral part of the minutes.

Verbatim reports from the meetings are supposed to be kept in company's records as a part of the minutes.

V. MODELS

BOARD OF DIRECTORS CHARTER — MODEL

Introduction

The Board of Directors of [name of the SOE] (the Company, for the companies, the Authority, for the authorities) acknowledges the need for a board charter, aimed at enhancing transparency and accountability, as recommended by the President of the Republic of Liberia in order to strength State Owned Enterprises Corporate Governance.

This Board Charter is subject to the provisions of

[or] the Business Corporations Act, the Company's Articles of Incorporation, any other applicable statutory or case law or regulatory provision and the “Guidelines on the Appointment and remuneration for members of the Board of Public Corporations or State Owned Enterprises” of the President of the Republic of Liberia.

[or] the [reference to the act creating the authority], any other applicable law or regulatory provision and the “Guidelines on the Appointment and remuneration for members of the Board of Public Corporations or State Owned Enterprises” of the President of the Republic of Liberia.

Purpose of the Board Charter

The purpose of this Charter is to set out the Board’s role and responsibilities, and the requirements for its meeting procedures, as well as the constitution of specialized Committees.

Composition

The Board comprises statutory and non-statutory directors.

The Managing Director and the Financial Director are ex officio members of the board.

A. formal induction program is established for new directors.

Continuing professional development programs are implemented which ensure that directors receive regular briefings on changes in risks, laws and the environment of (the Company, for the companies, the Authority, for the authorities) activities.

Role and Responsibilities

The main role and responsibilities of the board are to: -

- i. act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of (the Company, for the companies, the Authority, for the authorities) along sound corporate governance principles.
- ii. appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - Contributing to and approving the strategy.
 - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
 - Identifying key performance and risk areas.
 - Ensuring that the strategy will result in sustainable outcomes.

- Considering sustainability as a business opportunity that guides strategy formulation.
- iii. provide effective leadership on an ethical foundation.
- iv. ensure that (the Company, for the companies, the Authority, for the authorities) is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the (the Company, for the companies, the Authority, for the authorities) but also the impact that business operations have on the environment and the society within which it operates.
- v. ensure that (the Company, for the companies, the Authority, for the authorities)'s ethics are managed effectively.
- vi. ensure that (the Company, for the companies, the Authority, for the authorities) has effective and independent audit, remuneration and corporate governance and ethics committees.
- vii. be responsible for the governance of risk.
- viii. be responsible for information technology (IT) governance.
- ix. ensure that (the Company, for the companies, the Authority, for the authorities) complies with applicable laws and considers adherence to non-binding rules and standards.
- x. ensure that there is an effective risk-based internal audit.
- xi. appreciate that stakeholder's perceptions affect (the Company, for the companies, the Authority, for the authorities)'s reputation.
- xii. ensure the integrity of (the Company, for the companies, the Authority, for the authorities)'s integrated report.
- xiii. act in the best interests of (the Company, for the companies, the Authority, for the authorities) by ensuring that individual directors:
 - adhere to legal standards of conduct.
 - are permitted to take independent advice in connection with their duties following an agreed procedure.
 - disclose real or perceived conflicts to the Board and deal with them accordingly.
 - deal in securities only in accordance with the policy adopted by the board.
- xiv. commence business rescue proceedings as soon as (the Company, for the companies, the Authority, for the authorities) is financially distressed.
- xv. evaluate the performance of the Managing Director.

The Board should do everything necessary to fulfill its role set out above.

Delegation

The Board delegate certain functions to committees but without abdicating its own responsibilities.

Delegation is formal and involves the following:

- Formal terms of reference are established and approved for each committee of the Board.
- The committees' terms of reference are reviewed once a year.

- The committees are appropriately constituted with due regard to the skills required by each committee.
- The Board establishes a framework for the delegation of authority to management.

Meeting Procedures

Frequency

The Board should hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of four meetings per year.

Meetings in addition to those scheduled may be held at the instance of a Board member.

The Chairman of the Board may meet with the Managing Director and the Financial Director and/or (the Company, for the companies, the Authority, for the authorities) Secretary prior to a board meeting to discuss important issues and agree on the agenda.

Attendance

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and they may not vote.

Board members must attend all scheduled meetings of the board, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or (the Company, for the companies, the Authority, for the authorities) Secretary.

(The Company, for the companies, the Authority, for the authorities) Managing Director is the Secretary to the Board.

Agenda and minutes

The Board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan must ensure proper coverage of the matters laid out in the audit committee charter: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period.

The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.

Board members must be fully prepared for board meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the board for review thereof.

The minutes must be formally approved by the board at its next scheduled meeting.

Quorum

A representative quorum for meetings is as provided for in the

[or] Corporation's Articles of Incorporation

[or] the [reference to the act creating the authority]

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

Evaluation

The evaluation of the board, its committees and individual directors, including the chairman, must be performed every year.

Approval of this Charter

This Charter was approved by the Board on [insert date] and will be due for review on [insert date].

BY-LAWS — MODEL

Bylaws of [Name of Corporation or Authority]

Pursuant to

(or) [section] of the Articles of Incorporation of the [Corporation] and consistent with the Business Corporation Act of Liberia

(or) [article] of the Act of Creation of the [Authority]

the Board of Directors of [Name] in meetings convened hereby adopts the By-laws of the [Name]:

Article 1: Controlling Law / Statute

These by-laws adopted this () day of () A.D., () pursuant to

(or) [section] of the Articles of Incorporation of the [Corporation] and consistent with the Business Corporation Act of Liberia

(or) [article] of the Act of Creation of the [Authority]

shall be known and referred as the By-laws of the [Name]. In the event of a conflict between the provisions of the By-laws or any thereof and

(or) the Articles of Incorporation and the Business Corporation Act, the latter shall take preference

(or) the Act of Creation of the [Authority], the latter shall take preference.

Article 2: Board of Directors

Section 2.1. General powers and duties.

The business and affairs of the

(or) Corporation

(or) Authority

shall be managed by the Board. The Board may exercise all such authority and powers of the

(or) Corporation

(or) Authority

and do all such lawful acts and things as are not by law,

(or) the Articles of Incorporation of the [Corporation]

(or) of the Act of Creation of the [Authority]

and this By-laws, directed or required to be exercised or done by the Shareholders.

Section 2.2. Number.

The number of members of the board of directors of [Name] shall be [Number — Nine].

Section 2.3. Election of Directors.

The Shareholders shall appoint directors, each of whom shall hold office until the director's successor is appointed and qualified or there is a decrease in the number of directors.

Section 2.4. Removal; Resignation.

- (a) The Shareholders may at any time remove one or more directors from office, with or without cause.
- (b) A director may resign at any time on written notice to the board of directors or its chair or to the corporation. A director's resignation is effective when the notice is delivered unless the notice specifies a later effective date.

Section 2.5. Vacancies.

If a vacancy occurs in the board of directors, including a vacancy resulting from an increase in the number of directors, the Shareholders may fill the vacancy.

Section 2.6. Place of Meetings.

The meetings of the board of directors shall be held at the

(or) corporation's

(or) Authority's

principal office or at such other place in or outside [city of incorporation] as the board of directors from time to time designates by resolution or as fixed in the notice of the meeting.

Section 2.7. Regular Meetings; Notice.

- (a) Regular meetings of the board of directors may be held at such places in or outside of [State of incorporation] and on the dates and at such times as shall have been established by the board of directors and publicized among all directors. A notice of a regular meeting of the board of directors the date of which has been so publicized shall not be required.
- (b) The board shall meet at least every quarter.
- (c) The board shall held a special annual meeting to [Check scope]

Section 2.8. Special Meetings; Notice.

Special meetings of the board of directors may be called by the Chairman or on the written request of a majority of the board of directors. Notice of the date, time, and place of any special meeting must be given to each director. Except as the corporation and the director may have otherwise agreed, notice is given to a director when (1) it is (a) delivered personally to the director, orally, either in person or by telephone, or in writing, or (b) sent by electronic transmission, either by facsimile or e-mail, in each case at least 24 hours before the time of the meeting, or (2) addressed to the director's residence or usual place of business, at least five days before the date of the meeting. The notice need not describe the purpose of the special meeting.

Section 2.9. Quorum; Adjournments.

A majority of the number of directors prescribed is necessary to constitute a quorum for the transaction of business, and the vote of a majority of the directors present at a meeting at which a quorum is present constitutes the act of the board of directors. A director who is present at a meeting of the board of directors or a committee of the board of directors when a corporate action is taken is deemed to have assented to the action taken unless (1) the director objects at the beginning of the meeting or promptly upon the director's arrival to holding the meeting or transacting business at the meeting, (2) the director's dissent or abstention from the action taken is entered in the minutes of the meeting, or (3) the director delivers written notice of the director's dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

If a quorum is not present at a meeting of the board of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 2.10. Organization; Conduct of Meeting.

- (a) At each meeting of the Board, the Chairman of the Board, or in the case of the Chairman's absence therefrom, the President, or in the case of the President's absence therefrom, a Vice Chairman, or in the case of the absence of all such persons, another director chosen by a majority of directors present, shall act as chairman of the meeting and preside thereat. The Secretary, or if the Secretary shall be absent from such meeting, any person appointed by the chairman, shall act as secretary of the meeting and keep the minutes thereof.
- (b) At any meeting of the board of directors business shall be transacted in the order and manner as the board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided in these bylaws or in the
 - (or) articles of incorporation
 - (or) the act of creation
 - or required by law.

Section 2.11. Action by Consent.

Any action that may be taken at a meeting of the board of directors may be taken if all directors consent in writing or by electronic transmission. Action taken under this section is effective when the written consents or electronic transmissions of all directors are delivered to the corporation, unless a different effective date is specified therein.

Section 2.12 Participation in Meetings by Conference Telephone or Other Communications Equipment.

Members of the board of directors may participate in and be present at any meeting of the board of directors by means of conference telephone or similar communications equipment if all persons participating in the meeting can simultaneously hear one another. Participation in a meeting by this means constitutes presence in person at the meeting.

Section 2.13. Waiver of Notice.

A director may waive any required notice before or after the date and time stated in the notice. A waiver of notice must be in writing, signed by the director and filed with the

minutes or corporate records. A director's attendance at or participation in a meeting waives any required notice to the director unless at the beginning of the meeting or promptly upon the director's arrival, the director objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 2.14. Director Compensation.

Unless otherwise restricted by the articles of incorporation, the Shareholders may fix the compensation of the directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors. Members of any board committee may be compensated for their committee service.

Article 3: Committees

Section 3.1. Designation.

- (a) The board of directors may by resolution designate one or more committees, each committee to consist of two or more directors. The board of directors may designate other directors as alternate members of any committee. In the absence or disqualification of any member of any committee and any alternate member in the committee member's place, the member or members present at the meeting and not disqualified from voting, whether the member or members constitute a quorum, may by unanimous vote appoint another director to act at the meeting in the place of the absent or disqualified committee member.
- (b) To the extent provided by resolution of the board of directors or these bylaws, a committee shall have and may exercise the powers of the board of directors in the management of the business and affairs of the
(or) corporation
(or) authority
; however, no committee shall:
 - (1) authorize or approve distributions except according to a formula or method, or within limits, prescribed by the board of directors;
 - (2) approve or propose to shareholders action that the Act requires to be approved by shareholders;
 - (3) fill vacancies on the board of directors or, except as provided in section 3.1, on any of its committees; or
 - (4) adopt, amend or repeal bylaws.

The creation of a committee and appointment of its members must be approved by the greater of (1) a majority of all the directors in office when the action is taken or (2) the number of directors required to take action under section 2.9 and section 2.10. Sections 2.7 through 2.12, which govern meetings, action without meetings, notice, waiver of notice, and quorum and voting requirements of the board of directors, apply to committees and their members as well.

Section 3.2. Committee rules.

Unless the board of directors provides otherwise, each committee of the board may make, alter, and repeal rules for the conduct of its business. Each committee shall keep minutes of its meetings, and all action taken by it shall be reported to the board of directors.

Section 3.3. Audit Committee.

The board of directors, at its annual meeting, shall designate an Audit Committee, which shall consist of three directors, each of whom shall satisfy any independence requirements then in effect and applicable to the

(or) Corporation

(or) Authority. The responsibilities of the Audit Committee shall be stated in the committee's charter, as approved by the board of directors.

Section 3.4. Compensation Committee.

The board of directors, at its annual meeting, shall designate a Compensation Committee, which shall consist of three directors, each of whom shall satisfy any independence requirements then in effect and applicable to the

(or) Corporation

(or) Authority. The responsibilities of the Compensation Committee shall be stated in the committee's charter, as approved by the board of directors.

Section 3.5. Corporate Governance and Ethics Committee.

The board of directors, at its annual meeting, shall designate a Corporate Governance and Ethics Committee, which shall consist of three directors, each of whom shall satisfy any independence requirements then in effect and applicable to the

(or) Corporation

(or) Authority. The responsibilities of the Corporate Governance and Ethics Committee shall be stated in the committee's charter, as approved by the board of directors.

Section 3.6. Other Committees.

The board of directors may establish such other standing or special committees of the board of directors as it may deem advisable, consisting of not less than two directors. The members, terms, and authority of any such committee shall be as stated in the charters or resolutions establishing the same.

Article 4: Officers

Section 4.1. Designations.

The officers of the corporation shall consist of a chair of the board, a Managing Director, a Financial Director, and such other officers as may be appointed from time to time in accordance with these bylaws. The same individual may simultaneously hold more than one office. The salaries of officers appointed by the board of directors shall be fixed from time to time by the board of directors, by a committee of the board of directors, or by one or more officers designated by resolution of the board of directors.

Section 4.2. Appointment of Certain Officers.

At the annual meeting of the board of directors, or at any other time when there is a vacancy in an office, the board of directors shall appoint the required officers, each of whom shall serve for one year or until the officer's successor is elected and has qualified.

Section 4.3. Appointment of Other Officers.

The board of directors also may appoint such other officers of the corporation as it may deem necessary; or it may vest the authority to appoint other officers in the Managing Director or such other of the officers of the corporation as it deems appropriate, subject in all cases to the direction of the board.

Section 4.4. Removal and Resignation.

Any officer of the corporation may be removed, with or without cause, at any time by action of the board of directors. Such removal shall not affect the officer's contract rights, if any, with the

(or) Corporation

(or) Authority.

Any officer may resign at any time upon written notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective time. If a resignation is made effective as of a future date and the corporation accepts the resignation, the board of directors may fill the pending vacancy before the effective date if the board of directors provides that the successor does not take office until the effective date.

Section 4.5. General Duties and Powers of Officers.

The officers of the corporation shall have such duties and powers as are provided in these bylaws or prescribed from time to time by resolution of the board of directors, or by direction of an officer authorized by the board of directors to prescribe the duties of another officer or other officers.

Section 4.6. Chair of the Board.

The chair of the board shall preside at all meetings of the shareholders and at all meetings of the board of directors. The chair of the board shall have such other powers and duties as may be delegated to the chair of the board from time to time by the board of directors.

Section 4.7. Managing Director.

- (a) The Managing Director shall be appointed by the Shareholders based upon recommendation of the Board of directors.
- (b) The Managing Director shall be the chief executive officer of the corporation and, subject to the direction of the board of directors, shall have general charge of the business affairs and property of the corporation and general supervision over its officers, employees, and agents. The Managing Director shall perform all duties incident to the office of chief executive officer and shall see that all orders and resolutions of the board of directors are performed.
- (c) The Managing Director shall act as secretary of all meetings of the board of directors and the shareholders. When requested, the Managing Director shall also act as secretary of the meetings of the committees of the board. The Managing Director shall cause the minutes of all such meetings to be kept and preserved; shall see that all notices required to be given by the corporation are duly given and served; shall have custody of the seal of the corporation; shall have custody of all deeds, leases, contracts and other important corporate documents; shall see that all reports, statements and other documents (except tax returns) required by law to be filed are properly filed; and shall in general perform all the

duties incident to the office of secretary and such other duties as from time to time may be assigned to the Managing Director by the board of directors.

Section 4.10. Financial Director.

The Financial Director shall be the Treasury of the corporation and shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Financial Director shall be responsible for the performance of all duties incident to the office of treasurer and such other duties as from time to time may be assigned to the Financial Director by the board of directors or the Managing Directors.

Section 4.11. Duties of Other Officers.

Any other officers of the corporation designated by the board of directors shall have such powers and perform such duties as may from time to time be prescribed by these bylaws, the board of directors or any other officer authorized to prescribe such duties.

Section 4.12. Delegation of Authority.

The board of directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 4.13. Compensation of Officers.

The compensation of the officers of the Corporation shall be fixed from time to time by the Board based upon recommendation of the Compensation Committee.

Article 5: Financial statements.

Section 5.1. Fiscal year.

The fiscal year of the corporation shall end on the thirty-first day of December in each year.

Section 5.2. Auditor.

- (a) The Board shall employ an independent public or certified public accountant or firm of such accountants who shall act as auditors making examinations of the consolidated financial statements of the Corporation in accordance with generally accepted auditing standards. The auditors shall certify that the annual financial statements are prepared in accordance with generally accepted accounting principles, and shall report on such financial statements to the Shareholders and directors of the Corporation.
- (b) The Auditor shall be appointed by the Board based upon recommendation of the Audit Committee.

Article 6: Contracts

The Board of directors ...beginning date to ending date ... (\$ amount)

Article 7: Miscellaneous

Section 7.1. Corporate Seal.

The board of directors may provide a suitable seal, containing the name of the corporation, which seal shall be in the charge of the secretary. If and when so directed by the board of directors, duplicates of the seal may be kept and used by the treasurer or by an assistant secretary or assistant treasurer.

Section 7.2. Reliance upon Books, Reports, and Records.

Each director of the corporation and each member of any committee designated by the board of directors shall, in the performance of such director's or committee member's duties, be fully protected in relying in good faith upon the books of account or other records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of its officers or employees, or committees of the board of directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation.

Section 7.3. Time Periods.

In applying any provision of these bylaws that requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days before an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 7.4. Amendments.

The board of directors may make new bylaws and amend or repeal these bylaws (including bylaws previously made or amended by the shareholders unless the shareholders have prohibited such amendment or repeal). Action on any amendment or repeal may be taken at any regular or special meeting of the board of directors by vote of a majority of the number of directors prescribed in section 2.1, subject, however, to the power of the shareholders at any annual or special meeting to make new bylaws, and to amend or repeal bylaws made by the board of directors. No amendment to the bylaws reducing the number of directors may be applied to shorten the term of any incumbent director.

Approval of these By-laws

These By-laws were adopted by the Board on this [insert date], in the Board Room of [insert name], Monrovia, Liberia

Member

[insert names]

Chair

[insert name]

AUDIT COMMITTEE CHARTER — MODEL

Introduction

The Audit Committee (the Committee)

is constituted as a statutory committee of [name of the SOE] (the Company, for the companies, the Authority, for the authorities) in respect of its statutory duties in terms of Chapter 6 of the Business Corporation Act,

and a committee of the Board in respect of all other duties assigned to it by the Board.

The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board.

The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.

These terms of reference are subject to the provisions of

[or] the Business Corporations Act, the Company’s Articles of Incorporation, any other applicable statutory or case law or regulatory provision and the “Guidelines on the Appointment and remuneration for members of the Board of Public Corporations or State Owned Enterprises” of the President of the Republic of Liberia.

[or] the [reference to the act creating the authority], any other applicable law or regulatory provision and the “Guidelines on the Appointment and remuneration for members of the Board of Public Corporations or State Owned Enterprises” of the President of the Republic of Liberia.

Purpose of the terms of reference

The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

Composition of the Committee

The Committee comprises at least three members.

Members of this Committee and its chairman are nominated by the Board.

All members of the Committee must be suitably skilled and experienced.

The members of the Committee must collectively have sufficient qualifications and experience to fulfill their duties, including an understanding of the following: financial and sustainability reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology governance as it relates to integrated reporting; and governance processes within (the Company, for the companies, the Authority, for the authorities).

The chairman of the board is not eligible to be the chairman or a member of the Committee.

The board elects the chairman of the Committee.

The board must fill vacancies on the Committee within 40 business days after the vacancy arises.

The Committee members must keep up-to-date with developments affecting the required skill-set.

Role

The Committee has an independent role with accountability to both the board and stakeholders.

The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

Responsibilities

The Committee has the following specific responsibilities:

The Committee oversees integrated reporting, and in particular the Committee must: -

- i. have regard to all factors and risks that may impact on the integrity of the integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- ii. review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- iii. comment in the annual financial statements on the financial statements, the accounting practices and the effectiveness of the internal financial controls;
- iv. review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- v. recommend to the board whether or not to engage an external assurance provider on material sustainability issues;
- vi. recommend the integrated report for approval by the board;
- vii. consider the frequency for issuing interim results;
- viii. consider whether the external auditor should perform assurance procedures on the interim results;
- ix. review the content of the summarised information for whether it provides a balanced view; and
- x. engage the external auditors to provide assurance on the summarised financial information.

The Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular the Committee must: -

- i. ensure that the combined assurance received is appropriate to address all the significant risks facing (the Company, for the companies, the Authority, for the authorities); and
- ii. monitor the relationship between the external assurance providers and (the Company, for the companies, the Authority, for the authorities).

The Committee reviews the expertise, resources and experience of the company's finance function, and discloses the results of the review in the integrated report.

The Committee is responsible for overseeing of internal audit, and in particular the Committee must: -

- i. be responsible for the appointment, performance assessment and/or dismissal of the Chief Audit Executive;
- ii. approve the internal audit plan; and
- iii. ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate.

The Committee is an integral component of the risk management process and specifically the Committee must oversee:

- iv. financial reporting risks;
- iv. internal financial controls;
- v. fraud risks as it relates to financial reporting; and
- vi. IT risks as it relates to financial reporting.

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the Committee must:

- i. nominate the external auditor for appointment by the shareholders;
- ii. approve the terms of engagement and remuneration for the external audit engagement;
- iii. monitor and report on the independence of the external auditor in the annual financial statements;
- iv. define a policy for non-audit services provided by the external auditor;
- v. approve the contracts for non-audit services to be rendered by the external auditor;
- vi. ensure that there is a process for the audit committee to be informed of any “Reportable Irregularities” identified and reported by the external auditor; and
- vii. review the quality and effectiveness of the external audit process.

Authority

The Committee acts in accordance with its statutory duties and the delegated authority of the board as recorded in this terms of reference.

It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, company officers, company secretary or assurance providers to provide it with information subject to board approved process.

The Committee will has reasonable access to the company’s records, facilities and any other resources necessary to discharge its duties and responsibilities subject to following board approved process.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at (the Company, for the companies, the Authority, for the authorities)'s cost, subject to a board approved process being followed.

The Committee has decision-making authority in regard to its statutory duties and is accountable in this respect to both the board and the shareholders.

To this end, the chairman of the Committee must be present at all annual general meetings.

On all responsibilities delegated to it by the board outside of the statutory duties, the Committee makes recommendations for approval by the board.

Meetings and Procedures

Frequency

The Committee should hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

Meetings in addition to those scheduled may be held at the request of the external auditor, the chief executive officer, chief financial officer, chief audit executive or other members of senior management or at the instance of the board.

The Committee must meet with internal and external auditors at least once a year without management being present.

Attendance

The chief executive officer, chief financial officer, chief audit executive, representatives from the external auditors, other assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.

The company secretary is the secretary to this Committee.

If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

Agenda and minutes

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan must ensure proper coverage of the matters laid out in the audit committee charter.

The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period.

The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.

Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof.

The minutes must be formally approved by the Committee at its next scheduled meeting.

Quorum

A representative quorum for meetings is a majority of members present.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

Evaluation

The board must perform an evaluation of the effectiveness of the Committee every year.

Approval of these terms of reference

These terms of reference were approved by the Board on [insert date] and will be due for review on [insert date].

REMUNERATION COMMITTEE CHARTER — MODEL

Introduction

The Remuneration Committee (the Committee) is constituted as a committee of the Board of directors of [the Company, for the companies, the Authority, for the authorities] (the Company).

The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

These terms of reference are subject to the provisions of

[or] the Business Corporations Act, the Company’s Articles of Incorporation, any other applicable statutory or case law or regulatory provision and the “Guidelines on the Appointment and remuneration for members of the Board of Public Corporations or State Owned Enterprises” of the President of the Republic of Liberia.

[or] the [reference to the act creating the authority], any other applicable law or regulatory provision and the “Guidelines on the Appointment and remuneration for members of the Board of Public Corporations or State Owned Enterprises” of the President of the Republic of Liberia.

Purpose of the terms of reference

The purpose of these terms of reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

Composition

The Committee comprises at least three members.

Members of this Committee and its chairman are nominated by the Board.

The members of the Committee as a whole must have sufficient qualifications and experience to fulfill their duties.

Role

The Committee has an independent role, operating as an overseer and a maker of recommendations to the Board for its consideration and final approval.

The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

The role of the Committee is to assist the board to ensure that:-

- (the Company, for the companies, the Authority, for the authorities) remunerates directors and executives fairly and responsibly; and
- the disclosure of directors and executives remuneration is accurate and transparent.

Responsibilities

The Committee must perform all the functions necessary to fulfill its role as stated afore and including the following:

- i. Oversee the establishment and implementation of remuneration policies in relation to non-executive directors, executive directors and other executives' remuneration.
- ii. Review the outcomes of the implementation of these policies for whether these policies promote the achievement of strategic objectives and encourage individual performance. The Committee will recommend the necessary improvements to the board in this regard.
- iii. Review the remuneration disclosure to ensure that it is accurate and transparent and provides sufficient forward-looking information for the shareholders to assess the remuneration policy and for passing a special resolution (in terms of the law).

Authority

The Committee acts in terms of the delegated authority of the Board as recorded in these terms of reference.

It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.

The Committee has reasonable access to the company's records, facilities and any other resources necessary to discharge its duties and responsibilities.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at company's cost, subject to following a board approved process.

The Committee makes the recommendations to the board that it deems appropriate on any area within the ambit of its terms of reference where action or improvement is required.

Meeting procedures

Frequency

The Committee should hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of two meetings per year.

Meetings in addition to those scheduled may be held at the request of the Managing Director, head of human resources or other members of senior management or at the instance of the board.

The chairman of the Committee may meet with the Managing Director, head of human resources and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

Attendance

The Managing Director, Financial Director, head of human resources or other members of senior management as may be required, assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.

(The Company, for the companies, the Authority, for the authorities) secretary is the secretary to this Committee.

Agenda and minutes

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The annual plan must ensure proper coverage of the matters laid out in the audit committee charter.

The more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period.

The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the board and other invitees.

Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.

The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof.

The minutes must be formally approved by the Committee at its next scheduled meeting.

Quorum

A representative quorum for meetings is a majority of members present.

Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

Evaluation

The Board must perform an evaluation of the effectiveness of the Committee every year.

Approval of these terms of reference

These terms of reference were approved by the Board on [insert date] and will be due for review on [insert date].

For more information, please visit
<http://www.ibi-usa.com>

IBI International
2101 Wilson Blvd., Suite 1110
Arlington, VA 22201 USA
Tel: (703) 525-2277
Fax: (703) 525-2211
www.ibi-usa.com

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