

BEST PRACTICES & GOOD GOVERNANCE GUIDELINES

WHAT IS GOOD CORPORATE GOVERNANCE?

Corporate Governance is a tool that assures the owners of, and/or the investors in, a company that the company's objectives and operations will be carried out in a manner that benefits the best interests of the company.

This is true whether the company is a public or private company, a fund, a special purpose vehicle, a corporate general partner of a limited partnership or a corporate investment manager, a holding company with limited activity, or a company with extensive trading activities.

A healthy corporate governance culture is predominantly achieved through the disclosure of information and the provision of an account of an organisation's financial situation, performance, ownership and governance, and a commitment to business ethics

and values, garnering trust in and among the governing body, senior management, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set. It also provides a structure of monitoring performance and evidence thereof.

In the words of **Professor Robert Ian Tricker**, an expert in corporate governance, "... If management is about running the business, governance is about seeing that it is run properly."

CORPORATE GOVERNANCE FRAMEWORK



The above framework may be achieved by **recording** any decisions and activities undertaken by the entity's governing body and other officers, owners, senior management and any third party service providers appointed by the entity. While informal communications exchanged as part of the decision-making process show that an entity has discussed, reviewed and assessed information and/or documentation prior to proceeding

with the implementation of a particular decision, properly documented records of the decision-making process are a stronger source of evidence of good corporate governance. In more concrete terms, such records may take the form of minutes of meetings held, written resolutions passed and supplementary documents and/or reports depicting the rationale behind a proposed decision.

WHY ARE MEETINGS IMPORTANT AND WHY SHOULD THEY BE RECORDED:

- Provide structure;
 - Drive action which needs to be taken;
 - They are a good means to track and measure progress by the Company;
 - Document important decisions and maintain adequate corporate records;
 - Enhance substance;
 - Evidence of effective management and control.
- Presentation of agreements for discussion and approval;
 - Approval of any pending fees incurred by the Company;
 - Approval of Financial Statements;
 - Recommendation of dividend distribution;
 - Appointment of Auditors of the Company;
 - Any other matters.

A. MEETINGS OF DIRECTORS

The law provides that the directors may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. It further provides that a director may, and the company secretary must, on the requisition of a director, summon a meeting of the directors. It is recommended that a minimum of one board meeting per annum is held in person at the registered office of the Company.

Furthermore, key people from the company or any technical persons may occasionally be invited to the Board meetings in order to give further information on technical aspects and/or discuss any particular matters on the agenda.

What is discussed during a board meeting?

During a board meeting, the Directors are given the opportunity to discuss any of the following matters:

- Approval of previous board minutes;
- Decisions are to be resolved during the said meeting, unless otherwise resolved via round robin resolution;
- Changes to UBOs/structure and /or in the Company's business activities;
- Financial performance of the Company and any future projections;
- Oversight and control over the Company's assets and liabilities including any subsidiaries;
- Assessment of exposure to risks and any necessary risk mitigation techniques;
- Evaluation of extent of compliance with the company's policies and procedures in place;
- Monitoring of any outsourced activities;

B. GENERAL MEETINGS

A company is required by law to hold a general meeting every year. Not more than 15 months should elapse between the date of one annual general meeting and that of the next. The first annual general meeting, however, may be held within 18 months from the date of registration of the company. Annual general meetings should be held at such place, customarily at the entity's registered office, as the directors may decide.

C. MEETINGS OF SPECIALISED COMMITTEES

Certain types of entities may delegate the provision of particular functions to specialised committees established for such purpose, such as, an Investment Committee, a Valuation Committee, an Internal Audit Committee, a Risk Management Committee.

As delegates of an entity's governing body, members of such committees should meet together as frequently as is necessary to ensure the proper and punctual performance of their respective duties. In such cases well-defined reporting lines should be in place to ensure that the governing body of the entity is kept abreast of matters discussed at committee level and any necessary recommendations forwarded thereto for scrutiny, acknowledgment and/or approval.

D. BANK ACCOUNT IN THE NAME OF THE COMPANY

In the interest of enhancing local presence and substance, it is recommended that entities hold a local bank account with a reputable credit institution and that one of the bank signatories is a local director.

While this document does not purport to provide legal, financial and/or tax advice, Alter Domus remains committed to assisting with the implementation of a healthy corporate governance framework within your entity if and to the extent necessary.

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