



Board Charter

1. GOVERNANCE STATEMENT

- i. The First Heritage Co-operative Credit Union Limited (FHCCUL) is a Credit Union registered under the Co-operative Societies Act and governed by the Credit Union Rules. FHCCUL is a responsible financial institution that offers diversified products and services to satisfy the needs of its valued members at every stage of life. The operations of the FHCCUL are structured to ensure compliance with the Co-operative Societies Regulations and the Credit Union rules.
- ii. The Board of the FHCCUL has been given the mandate by its members to assume full responsibility for the policy and general direction and oversight of the affairs of FHCCUL. The Board, through the Chairman, works closely with the other elected Credit and Supervisory Committees to ensure the Credit Union's effective operations.
- iii. The Board is committed to maintaining the highest level of transparency, accountability and integrity in all operations of the FHCCUL and will ensure the maintenance of high ethical standards of all employees and Directors in line with the organization's mission statement which states *"to offer superior value to our members by providing innovative products and services, through effective and efficient service delivery, while creating opportunities that will motivate team members and enhance the communities in which we operate"*.
- iv. The Board of Directors is responsible for ensuring compliance with the FHCCUL Rules and the Co-operative Societies Act.
- v. Each Director is required to act honestly and in good faith and to collectively ensure that the organisation carries out activities within its prescribed purpose. Additionally, the Board has collective responsibility for all strategic decisions made by the Board.

2. RESPONSIBILITIES OF THE BOARD

- i. To elect a Chairman, First Vice Chairman, Second Vice Chairman, Treasurer and Secretary of the board
- ii. To provide the general direction and control of the affairs of the Credit Union.

- iii. To employ a CEO for the Credit Union.
- iv. To set the strategic policy direction of the FHCCUL.
- v. To facilitate discussions of and approve decisions on:-
 - Financial operations;
 - Policy issues;
 - Corporate Governance principles;
 - All other matters relating to the effective and efficient operations of the FHCCUL.
- vi. To facilitate effective governance of the affairs of the FHCCUL.
- vii. To review and approve the operational structure of the organization.
- viii. To provide systematic reviews of systems and structures in place at the organization.
- ix. To ensure the formulation, development and implementation of succession planning and evaluation for all Senior Management.
- x. To ensure that the integrity and core values of the organization are maintained.
- xi. To establish annual targets for the FHCCUL in line with the medium to long term goals of the organisation.
- xii. To ensure that adequate and effective policies and systems are in place to monitor financial reporting, internal controls and risk management processes.
- xiii. To establish and maintain a policy of director orientation for all new members of the Board.
- xiv. To provide director development professional educational programmes as required.
- xv. To appoint other members to the board to fill any casual vacancy that may arise.
- xvi. To appoint the members of the board for their subsidiary.

3. THE DUTIES AND RESPONSIBILITIES OF THE CHAIRMAN

- i. The Chairman of the Board is the leader of the board and he or she sets the tone at the top and must articulate his or her vision and lead by example. He or she will preside over board meetings

- ii. The Chairman is primarily responsible for the activities of the Board and its committees and acts as the spokesperson for the Board.
- iii. The Chairman must maintain the orderly conduct of meetings affording participants a reasonable opportunity to speak and ensuring that minutes of meetings accurately record decisions taken.
- iv. The Chairman ensures that:
 - o Directors participate in an orientation programme
 - o The board has sufficient time for consultation and decision making
 - o The board receives all information necessary for them to perform their duties
 - o The performance of directors is evaluated annually
 - o Internal disputes and conflicts of interest concerning individual directors are addressed and resolved.

4. THE DUTIES OF DIRECTORS

- i. Each Director is required to act honestly and in good faith and in the best interest of FHCCUL and to exercise the due diligence and skill that a reasonably prudent person would exercise in comparable circumstance.
- ii. To devote sufficient time to the affairs of FHCCUL.
- iii. To assist FHCCUL in the achievement of corporate strategies and objectives.
- iv. To contribute views based on his or her unique skills and experience.
- v. To declare any potential conflicts of interest promptly to the board and abstain from discussion and voting on related matter.

5 COMPOSITION OF THE BOARD

A. Appointment of Members & Quorum

- i. The Board should comprise of no fewer than nine (9) nor more than fifteen (15) elected members of FHCCUL. The board should at all times be an uneven number with no gender bias. Each member shall hold office until his successor is elected unless he demits or is removed from office earlier.
- ii. The Board of Directors shall be entitled to appoint directors of the Board of subsidiaries based on the desired skill set required for the effective operations of the Board.

- iii. No Executive of the Board of Directors shall serve in the position for more than 3 consecutive terms.
- iv. No member of the paid staff shall be eligible for election to the Board of Directors.
- v. The period of appointment for all Directors is set for a period not exceeding two (2) years and each Director shall be eligible for reappointment up to a maximum of three (3) terms or six (6) years.
- vi. Upon being appointed, an introductory letter will be given to each Director and this will clearly state the period of appointment, responsibilities of the Director and other matters relating to the operations of the Board and the FHCCUL.
- vii. The quorum is set at a bare majority of the elected Directors.

6. DIRECTOR ORIENTATION AND DEVELOPMENT

- i) First time appointees to the Board will go through an orientation programme which includes being provided with an Information Manual/Induction Package containing:
 - o Introductory letter,
 - o The organizational mandate/corporate vision,
 - o Relevant legislation, regulations and rules of the FHCCUL and its Subsidiaries
 - o Calendar of Board meetings for the year
 - o Contact details of all Directors and Executive Management
 - o Committees' Terms of Reference
 - o Organizational Structure
 - o Board of Directors Charter
 - o FHCCUL Corporate Governance Code
 - o FHCCUL Strategic plan
 - o Latest audited financial statements
 - o Latest annual report

Directors will also have the opportunity to meet with Executive Management and other Directors.

- ii) Directors will be trained to ensure the maintenance of good governance. The FHCCUL will provide ongoing professional development for Directors in order for them to maintain the knowledge and expertise required to understand the operations of the FHCCUL and to properly discharge their role and function as directors

7. MEETINGS AND PROCEDURES

- i. Board Meetings are held monthly or as often as the business of the Credit Union requires. It is within the power of the Chairman to request the Secretary to convene a meeting outside of scheduled meeting times as may be necessary and expedient for the transaction of FHCCUL business.
- ii. The FHCCUL Rules mandates that not less than six (6) meetings shall be held during each financial year of the Credit Union.
- iii. Annually the Board reserves a minimum of one (1) full day to meet, discuss and develop strategic policies and to assess or review the Strategic Plan as required.
- iv. To ensure proper review of materials being used at the Board Meeting, Directors are to receive the materials at least five (5) WORKING days in advance of meetings except in the case of Emergency/Special meetings for which the time period may be shorter. In appropriate circumstances the Chairman may allow the tabling of a paper at the instant meeting.
- v. Directors are required to attend and actively participate in all Meetings of the Board of Directors.
- vi. Attendance at board meetings by Directors must be recorded and due excuses for absences approved by the board. In keeping with Article X Rule 29(a) if a Director is absent from three (3) consecutive board meetings without due excuse approved by the board he shall be deemed to have vacated his office. It shall be the duty of the Secretary to process attendances including absences without due excuse and to make contact with the relevant Director in the normal operational process. After the review the Secretary will report to the board the findings so a final decision can be made if any director shall be deemed to have vacated office.
- vii. The Chief Executive Officer shall attend all board meetings as required. Other Executive Managers may also be invited or be on call as determined by the Board of Directors.
- viii. Any Director who knowingly has any loan delinquent for a period in excess of 30 days without due excuse accepted by the Board of Directors shall be deemed to have vacated his/her seat on the board.

8. BOARD DECISIONS

- i. The Chairman shall preside at all meetings and where the Chairman is absent, the First Vice Chairman shall preside. In the absence of the First Vice Chairman, the Second Vice Chairman shall preside. In the absence of the Second Vice Chairman, the attending directors may choose any of their number to chair the meeting.

- ii. The decision of the Board shall be by a majority of votes.
- iii. All resolutions of the board are adopted by a majority of the votes cast. In the event of a tie, the Chairman of the board shall have the deciding vote.

9. REMUNERATION

- i. The Credit Union rules do not make provision for remuneration of Directors.
- ii. Directors will be reimbursed for expenses incurred in carrying out the duties of their office and may be paid an honorarium, as approved by the Credit Union members.

10. BOARD EVALUATION

- i. Annually, the Board will identify specific goals and objectives to be achieved by FHCCUL in line with the Strategic Plan.
- ii. Directors will conduct an annual performance evaluation of the entire Board, the Chairman and themselves individually.
- iii. The evaluation process will be conducted in line with the goals and objectives set and may also include setting out the goals and objectives of the Board for the upcoming year.
- iv. The performance of the CEO is to be evaluated annually by the Chairman of the Board who may consult with the Chairpersons of the Supervisory and Credit Committees, the Compensation Committee and any other Director or volunteer.

11. THE CREDIT UNION SECRETARY ("the Secretary")

- I. The Secretary is an appointed position and provides administrative assistance to the Board.
- II. The Secretary is required to summon in writing all meetings of the board.
- III. The Secretary is charged with the responsibility of recording minutes of meetings and the decisions which were made
- IV. The Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under law. The Secretary shall work alongside the Chairman of the Board in organizing the Board's activities (including keeping a record of meetings, providing information, preparing an agenda, reporting on meetings, and any other duties assigned by the Board).

12. THE CREDIT UNION TREASURER ("the Treasurer")

- I. The Treasurer is an appointed position and provides oversight for the financial affairs of the Credit Union.
- II. The Treasurer sees to the appropriate and timely reporting of financial matters to the board and its members and must at all times ensure proper accounting records are maintained for FHCCUL.

13. CONFLICTS OF INTEREST

- I. A Director who has a conflict of interest should notify the Board and the details of the conflict recorded by the Secretary. Where conflicts of interest do occur, Directors must disclose the nature of the interest at the meeting, excuse themselves from the discussions in respect of those interests and will not be eligible to vote in respect of such matters.

14. COMMUNICATION

- I. The Board is committed to providing timely, accurate and balanced information on the operations of the FHCCUL to Credit Union members, regulators and other stakeholders.
- II. The Board, through the Chairman, or other specially designated personnel, shall communicate on matters related to policy of the FHCCUL.
- III. The CEO or his designate shall communicate on matters related to the operations of the FHCCUL.

15. CONFIDENTIALITY OF BOARD INFORMATION

- I. All information received by Directors is confidential and is the property of the FHCCUL and cannot be disclosed to parties outside of the organisation without prior approval of the Board.
- II. Each Director shall be responsible and keep all privileged information confidential and no such director shall use confidential information for personal gain or use.
- III. The decisions of the Board are to be communicated by the CEO to all relevant members of the Executive Management team for action as required.

16. SUPERVISORY AND CREDIT COMMITTEES

- I. To support the effective performance of the Credit Union members will annually elect individuals to serve on the Supervisory and Credit Committees.
- II. Terms of Reference are to be in place for each Committee and these serve as the benchmark for the duties and responsibilities of the Committee and shall include appointment procedures, quorum requirements as well as committee structure and requirements. These terms of reference will be guided by and conform with the mandates outlined for these committees in the Cooperatives Societies Act and the Credit Union's Rules.
- III. Each Committee will submit a Meeting Report to the Board for review as required.
- IV. A meeting of the Board of Directors, Credit and Supervisory Committee (known as the Joint Committee) should be held at least once per quarter. The Secretary shall be responsible for calling this meeting.

17. BOARD COMMITTEES

- i. To support the Board in effectively performing its duties the Board may from time to time establish Board Committees to review and make recommendations on specific matters relating to the operations of the FHCCUL. The Chairman appoints the respective Chairperson and along with the rest of the Directors selects the members of such special Committees.
- ii. Each board committee shall have a board approved Terms of Reference outlining the Committee's duties and responsibilities.
- iii. Board Committees that may be established are required to review, analyse, monitor and recommend to the Board policies and strategies which have been implemented or proposed by management. The review and analysis will take place in the context of the Terms of Reference of the agreed Committee.
- iv. The Board currently has in place the following committees:
 - o Information Technology
 - o Finance & Operations
 - o Corporate Governance
 - o Human Resources
 - o Audit & Risk Management

18. NOMINATING COMMITTEE

- I. Not less than ninety days prior to each Annual General Meeting, The Board of Directors shall appoint a Nomination Committee.
- II. The Nominating committee shall be comprised of three members, of which not more than one shall be a member of the existing Board of Directors who is not up for re-election.
- III. The Nominating Committee shall advertise, among the membership, vacancies for which elections will be held at the annual general meeting. They will place the selected nominations received before the members at the Annual General Meeting.

19. RELATIONSHIPS

- I. The Board is to be kept informed by management, through the CEO, of the operations and activities of the related institutions and organizations of the FHCCUL.

20. AUTHORITY /POWERS

- i. The Board of Directors serves as the governing body of the FHCCUL and is charged with overall responsibility of the FHCCUL and its affairs. The Board of Directors delegates to management the duty of achieving set goals as established through policy formulations and recommendations and have a monitoring mechanism in place to assess the performance of management towards realizing these targets.
- ii. The Board is to be kept fully informed and apprised by Management on all material matters affecting the FHCCUL and its affairs.
- iii. Accessibility to management is facilitated through the Executive Management and Management Reports which provide information as to the work being done.
- iv. The Board has the authority to engage advisors where it determines such advisors are necessary and includes but is not limited to legal and accounting advisors.

21. REVIEW AND ASSESSMENT OF CHARTER

- i. The Board will conduct a review and assessment of this Charter at least every two (2) years in such manner as the Board deems fit.