



CORPORATE GOVERNANCE ARRANGEMENTS

1. INTRODUCTION

- 1.1 ZAMCO is committed to the principles of openness, integrity and accountability and all business dealings and relationships with stakeholders are conducted with honesty and integrity and in accordance with generally accepted corporate practices.
- 1.2 To this end the Board of Directors has adopted the provisions of the RBZ Guideline No. 02-2004/BSD: Corporate Governance, recommendations contained in the King Reports on Corporate Governance as well as guidelines published by various authoritative sources.

2. ZAMCO BOARD OF DIRECTORS

2.1 Board Composition

- 2.1.1 In line with the basic requirement of good corporate governance, the Board of Directors is made up of individuals with diverse skills whose independent judgement and wide experience will drive the strategic vision of the corporation.
- 2.1.2 The current Board of Directors is composed of ten members, indicated in the table below, who all have extensive experience in diversified fields such as banking, asset management, financial regulation and manufacturing.

No.	Board Member	Status
1	Mr. Bart Mswaka	Chairperson
2	Mr. Sijabuliso Thabani Biyam	Non Executive Director
3	Mr. Demitri Jimmy Psillos	Non Executive Director
4	Mr. Richard Godfrey Muirimi	Non Executive Director
5	Mr. Ritesh Anand	Non Executive Director
6	Dr. Charity Lindiwe Dhliwayo	Non Executive Director
7	Mr. Azvinandaa Saburi	Non Executive Director
8	Mr. Norman Mataruka	Non Executive Director
9	Mr. Edwin Zvandasara	Non Executive Director
10	Mr. John Chikura	Non Executive Director

2.2 Functions of the Board of Directors

2.2.1 The Board of Directors, retains full and effective control over ZAMCO and the procedures and business of the Board of Directors are regulated by a Board Charter.

2.2.2 The Board Charter also sets out the principal functions of the Board, which are:

- a) To ensuring that the functions of ZAMCO are performed effectively and efficiently;
- b) To set strategic objectives and targets for ZAMCO and ensure that the appropriate systems and procedures are in place to achieve the said strategic targets and objectives; and,
- c) To take all reasonable steps to achieve those targets and objectives.

2.2.3 To assist with the effective execution of their duties, the Board of Directors have access to the advice and services of the Company Secretary who is responsible for ensuring compliance with procedures and regulations by the company and the Board of Directors itself. The Directors are also entitled to seek independent professional advice about the affairs of ZAMCO, at ZAMCO's expense if they believe that such course of action is in the best interest of ZAMCO.

3. FITNESS AND PROBITY

3.1 All persons appointed to the ZAMCO Board of Directors as well as senior management are subjected to fitness and probity tests in line with section 6 of the Reserve Bank Prudential Standards No. 7-2014BSD: Fitness and Probity Assessment Criteria.

3.2 It is ZAMCO board's further responsibility to ensure that nominations, initiated by the Board, of persons for election to the board of directors and candidates for appointment to the senior management level meet the test of a fit and proper person set out in the above prudential standards before the appointments are made

4. BOARD SUB-COMMITTEES

4.1 The following board subcommittees with formally determined terms of reference have been put in place to enable the board to properly discharge its duties and responsibilities:

No.	Board Committee
1	Audit & Risk Committee
2	Credit & Debt Restructuring Committee
3	Investments and Debt Raising Committee
4	Human Resources Committee

4.2 Specific Powers and Functions of the Audit and Risk Committee

The independence of the ARC serves to implement and support the oversight function of the Board through the following powers, functions and responsibilities:

- a) Nominate, appoint, dismiss and appraise the performance of the internal auditor.
- b) Oversee the internal audit function.
- c) Recommend the appointment, reappointment and removal of external auditor of the Corporation.
- d) Oversee the external audit process.
- e) Determine the fees to be paid to the external auditor and the auditor's terms of engagement.
- f) Determine the nature and extent of any non-audit services to be provided or not provided by the auditor.
- g) Pre-approve any proposed agreement with the external auditor for the provision of non-audit services to the Corporation.
- h) Satisfy itself of the expertise, resources and experience of the finance function.
- i) Oversee financial reporting, interim results, summarized financial information and integrated sustainability reporting.
- j) Oversee financial risks and reporting, internal financial controls and fraud and IT as they relate to financial reporting.
- k) Play a key role in the risk management process.
- l) Ensure compliance of the operation of the Corporation with the legal and regulatory framework.
- m) Review and approve finance related policies and procedures and advise the Board of any approval required by the Board.
- n) Liaise with the internal auditor and review internal audit scope, planning and resourcing.
- o) Assist the external auditor to identify risks and issues relevant to the external audit planning process.

- p) Submit to the Committee Chairperson the draft copies of all internal and external audit reports when these are circulated to management for comment.
- q) Monitor the progress made by management in implementing recommendations arising from audit.
- r) Oversee the integrity of the Corporation's financial statements and its accounting, financial reporting and disclosure policies and practices and advise the board on its approval of the financial statements and disclosures.
- s) Review management accounting and internal financial reporting practices and issues and alert the board to any areas which appear ineffective.
- t) Monitor the financial performance and position of the Corporation against budget and forecast.
- u) Conduct periodic reviews of process and performance of the Corporation projects with particular attention to budget constraints and timeframes agreed by the Board.
- v) Submit to the Board on any matter concerning the Corporation's accounting policies, financial control, records, and reporting
- w) Receive and deal appropriately with any concerns or complaints
- x) Report to the Board and Shareholders on how its duties have been carried out during the financial year, and
- y) Perform any other function determined by the Board.

4.3 Specific Powers and Functions of the Credit And Debt Restructuring Committee

The Committee supports the Board in meeting its objectives with respect to all matters relating to Credit Risk Management and its powers, functions and responsibilities include the following:

- a) Direct the formulation of policies that govern the acquisition of non-performing assets (loans) from banking institutions. Ensure that these policies are followed, and remain current and relevant to the present activities by continuously reviewing them.
- b) Receive and approve valuation of NPLs and collateral property by independent valuers prior to acquisition
- c) Deliberate and approve/decline all NPL acquisitions to ensure they are in line with the Corporation's objectives and funding capacity.
- d) Review and assess the Corporation's credit risk including loan management processes.

- e) Measure, manage and communicate to the Board credit risk in the Corporation's books.
- f) Establish guidelines to meet various applicable regulatory rules and statutes pertaining to credit risk, as outlined in the Banking Act (Chapter 24:20) and Bank Regulations 2000.
- g) To control the portfolio of non-performing assets held by the Corporation.
- h) Ensure that adequate procedures are in place for dealing with possible viable NPLs that are restructured and managed in line with the Corporation's policies and procedures.
- i) Receive and approve all loan restructuring beyond executive management limits.
- j) To ensure that limits are observed, including additional lending's to borrowers.

4.4 Specific Powers and Functions of the Investments And Debt Raising Committee

The Committee supports the Board in meeting its objectives with respect to all matters relating to asset and liability management and its powers, functions and responsibilities of the Committee include the following:

- a) Review, evaluate and recommend to the Board for approval the guiding principles that govern the overall approach with respect to ZAMCO's investment risk management;
- b) Review and approve all investment proposals, related borrowings and execution of instruments in relation to non-performing loans;
- c) Ensure compliance with all applicable legislation and relevant guidelines in respect of investment mandates;
- d) Approve debt raising initiatives including issuing of securities or any other instruments for the purposes of raising funds to acquire NPLs;
- e) Review and recommend for board approval NPL pricing and valuations prior to acquisitions of the NPLs;
- f) Review and approve NPL disposition methods;
- g) Review sources of funding, identify and assess the impact of new sources of funding, change in profile of sources of funding and review all funding limits for compliance with ZAMCO's policies;
- h) Recommend to the Board for approval, the appointment of custodians and investment managers, empowered with discretionary authority to invest the assets of ZAMCO;

- i) Review the effectiveness of ZAMCO's investment policies and achievement of ZAMCO's strategic objectives;
- j) Oversee ZAMCO's investment risks by ensuring that an appropriate control environment and reporting process are in place to govern the management of investment risks inherent to ZAMCO;
- k) Retain, as necessary, any advisors, consultants, or other experts to assist the Investment Committee in fulfilling its responsibilities; and
- l) Undertake, at the request of the Board, such other activities as may be necessary or desirable.

4.5 Specific Powers and Functions of the Human Resources Committee

The Committee shall have the following duties and responsibilities:

- a) Ensure effective human resources policies and strategies that support the corporation's Values, Vision and Mission.
- b) Oversee the corporation's recruitment process to ensure that qualified and experienced personnel are hired.
- c) To review periodically salaries and incentives for staff in order to attract and retain the services of key employees.
- d) To review any employment agreements and severance agreements recommended by the corporation.
- e) Review the competitiveness of the Corporation's total remuneration practices.
- f) Ensure the review of the position description of the CEO, and annually guide the evaluation of the CEO's performance against corporate and personal objectives.
- g) Review at least annually, and recommend to the Board for approval, the CEO's compensation, based on the evaluation of the CEO's performance in light of corporate and individual objectives.
- h) Review with the CEO any significant outside commitments the CEO is considering before the commitment is made. This includes commitments to act as a director or trustee of for-profit and not-for-profit organizations.
- i) To oversee the company's plans for management succession and development.

- j) Assess the learning and development needs of ZAMCO Directors and recommend learning opportunities which can be used by Directors to meet their needs for development.
- k) Review, and where significant, report to the Board best practices, trends, new technologies and current emerging public policy issues in HR matters.

5. CODES OF PRACTICE

To guide the conduct of ZAMCO Board of Directors and staff, the following code of conducts have been put in place:

- a) Board Charter;
- b) Code of Conduct for Board Members
- c) Code of Conduct for Managerial Employees;
- d) Code of Conduct for Non-managerial Employees; and
- e) Code of Ethics.

6. OPERATIONAL STRUCTURE

6.1 The table below indicates the key departments in the corporation:

Function	Key Responsibilities
<i>Investments & Asset Management</i>	<ul style="list-style-type: none"> ▪ Select distressed NPL portfolio, structure, plan and conduct sale of selected portfolio ▪ Secure access to external capital markets, institutional investors, private investors and other prospective NPLs purchasers/investors. ▪ Investor approach and liaising - Identify investors interested in specific NPL classes, determine and manage information requirements and effectively manage investor liaising process ▪ Liaising with licensed asset managers willing to source for funding for the purposes of acquiring NPLs. ▪ Provide assistance from portfolio selection to information content and data management through to investor selection and sale process planning ▪ Determine the best management and exit strategies for various portfolios of NPLs so as to maximise recovery.

Function	Key Responsibilities
	<ul style="list-style-type: none"> ▪ Oversee asset management process, including lease negotiations and executions (i.e. renewals, early surrenders, etc), capital expenditure recommendations and implementation, tenant relations, planning consents, etc. ▪ Oversee outsourcing of property management, including rent collection, payment invoicing, service charge budgeting, health and safety, etc.
<i>Credit & Operations</i>	<ul style="list-style-type: none"> ▪ Identify potentially distressed/non-performing loans for acquisition ▪ Administration of NPL portfolio, management and debt recovery ▪ Evaluation of proposals and business plans of ZAMCO restructured NPLs and drawing up papers and recommendations for ZAMCO’s credit & Debt Restructuring committee and the ZAMCO Board. ▪ Determine the terms, including the interest margins, of ZAMCO restructured NPLs ▪ Devise and document loan strategies – including restructuring and enforcement of facilities – that meet ZAMCO’s objectives ▪ Oversee the development and execution of individual loan plans. ▪ Identify assets for disposal, coordinate the preparation of asset information/sale documentation and facilitate the sale process ▪ Maintain interaction with non-participating banking institutions to achieve the optimal outcome with respect to common borrowers.
<i>Legal and Company Secretarial</i>	<ul style="list-style-type: none"> ▪ Management of the legal due diligence process required as part of the valuation of NPLs acquired by ZAMCO including management of outsourced legal services. ▪ Drafting the terms of the acquisitions. ▪ Management of ZAMCO litigation ▪ Management of the procurement of key services and contractual relationships with key service

Function	Key Responsibilities
	<p>providers.</p> <ul style="list-style-type: none"> ▪ Optimisation of the taxation treatment of ZAMCO activities. ▪ Provision of legal advice on disposal options for ZAMCO assets to include securitisation or disposal of loan portfolios and disposal of ZAMCO's property portfolio. ▪ Management of ZAMCO legal documentation. ▪ Management of ZAMCO's governance and company law and tax compliance requirements. ▪ Advice in relation to the formulation of enforcement and post-enforcement strategies where it becomes necessary for ZAMCO to protect its interests by enforcing its security.
<i>Support Functions</i>	<ul style="list-style-type: none"> ▪ Functions to support the above operational areas include, Risk Management, Finance, Internal Audit, Human Resources and Information Communication Technology.