

CODE OF GOOD CORPORATE GOVERNANCE

2023

Principles, precepts and
practices of Good Corporate
Governance



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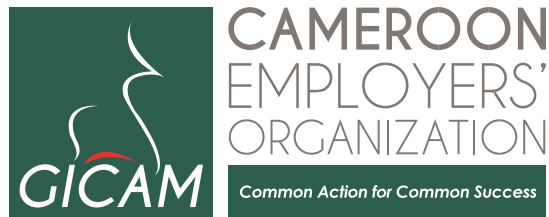
**LA MAISON DE
L'ENTREPRISE
DEPUIS 1957**

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PRESENTATION OF THE GICAM



Created on 12th June 1957, the Cameroon Employers Organisation (GICAM) is the main employers' organisation in Cameroon. It brings together companies and professional associations and groups, that is a thousand companies in total, direct or indirect members, of which more than 67% are SMEs. GICAM members are active in almost all sectors of activity. They represent almost 90% of the economic weight of the formal sector and more than 70% of the State budget.

GICAM has set up specialised units including the GICAM Mediation and Arbitration Centre (CMAG) and the SME Development Centre (CDPME). In recent years, GICAM has made proposals and undertaken several projects, to improve the business climate. Thus, GICAM published the "100 proposals for the emergence of Cameroon" in 2014, the Tax Reform Proposal in 2018 and the White Paper on the Cameroonian economy in 2020.

As the most representative organisation and the main interlocutor of the State, Workers' Unions and International and Regional Institutions on issues related to the development of the private sector, GICAM deals with economic and social issues such as the business environment, the competitiveness of enterprises, infrastructure, financing, employment, etc.

At the regional and international levels, GICAM chairs the Central Africa Employers Union (UNIPACE) and is a member of the International Organisation of Employers (IOE) as well as of Business Africa.



FOREWORD BY THE PRESIDENT OF THE GICAM

The economic life of our country has been plagued by numerous crises in recent years, impacting companies, which must also meet the challenge of competitiveness on a global scale, in an increasingly globalized market. In order to ensure their sustainability, Cameroonian companies, nearly 97% of which are SMEs, must adopt and apply international norms and standards of governance, adapted to our environment and guarantees of ethics and performance.

Aware that beyond regulation, a requirement for self-regulation of companies is necessary for their social survival and financial growth, GICAM has initiated a process of promoting better corporate management practices, through, in particular, the Declaration of Corporate Governance adopted on December 13, 2018, which pleads for a wiser, more responsible and more sustainable management of the latter. In this vein, the Board of Directors during its session of December 06, 2019 has established *the "Good Corporate Governance Initiative"*, whose priority mission was to develop a Code of Good Governance and ensure its promotion.

This mission, launched in 2020 and supported by the AFD-Proparco Group since 2021, was carried out with the help of various stakeholders from the public and private sectors, and both national and international organizations. The work carried out today has resulted in this guide to good practices, the first of its kind in Cameroon and Central Africa, intended for listed and multinational companies, regulated and public companies, as well as SMEs, VSEs and family businesses.

As a firm advocate for good corporate citizenship, GICAM has provided for other self-regulatory instruments alongside this *Cameroonian Code of Good Corporate Governance*. Thus, the Code of Ethics of member companies was updated in 2016, and a Charter of partnership between SMEs and large companies was published in 2022. In the same philosophy, a CSR charter will soon be made available to our Members.

In view of our changing societies and corporate governance being an evolving process to be maintained, this *Code* is only the first link in a long chain. In order to make it both effective and efficient, the establishment of a *High Authority of Governance* in charge of the promotion and application of this instrument as well as its periodic monitoring and evaluation will ensure its vigor in our environment. At the same time, GICAM will soon engage in corporate governance training through an *Institute for Directors and Managers*. Finally, a *Good Governance Label* will be designed for companies that comply with the Code: a guarantee of confidence in their integrity, this will constitute a solid asset to motivate investors.

By establishing good governance as a strategic axis of corporate development, this eponymous Code expresses a desire on the part of the business community to enshrine a business model that creates sustainable wealth beneficial to all stakeholders.

This Code is part of this ambition and should serve as both a compass and a barometer of the quality of governance in our organizations. Our Group wishes to encourage companies to implement principles, precepts and effective practices, in order to help them preserve their achievements and strengthen their capacities in all their dimensions.

Having needed all the synergies for the concretization of this common work, the contribution of all the public and private actors, national and international, remains essential for the effectiveness and the efficiency of this device.

May this *Code of Good Corporate Governance* serve as a guiding light and spark to give a decisive boost to the entrepreneurial renewal of Cameroon, and even of the sub-region, and ensure the competitiveness of our economy!

Célestin K. TAWAMBA
President of GICAM

ACKNOWLEDGEMENTS

The elaboration of this Code of Good Corporate Governance is the fruit of the contribution of various actors, to whom GICAM expresses its deep gratitude.

On behalf of the Group, I would first like to warmly thank **the members of the IBGE Taskforce**, which has been coordinating this Initiative since the beginning, for their availability, their commitment and their perseverance, which have enabled this Instrument to see the light of day. In particular, GICAM is grateful to :

- **Me Jacques Jonathan NYEMB**, *Lawyer, Cabinet NYEMB (President)*
- **Ms. Patience MAPOKO**, *General Counsel, COTCO (Vice-Chair)*
- **Ms. Stella Michèle ATANGANA**, *Legal Officer, GICAM, (Rapporteur)*
- **Mr. Constantin NZATI**, *General Manager QUALICAM*
- **Ms. Marceau MPÉSSA BAKALA**, *Senior Project Manager, CAC International*
- **Mr. Thierry MBIMI**, *CEO, KPMG Central Africa*
- **Mr. Kennedy TUMENTA**, *Senior Economist Ethics, AfricanBIB*

I would also like to express my gratitude to the **AFD-PROPARCO Group**, a valuable partner in this initiative, for its confidence in our institution, but also and above all for its technical and financial assistance in the implementation of this project.

I would like to mention **Mr. Thomas HUSSON, Ms. Audrey MAIGNAN, Mr. Mehdi TANANI, Mr. Jean-Claude CHESNAIS, Ms. Soline PRALORAN and Ms. Christine AVRIL-POTTIER.**

I would also like to thank the **Cabinet NYEMB** which, together with GICAM, laid the groundwork for this project, for its technical assistance throughout this adventure, and its financial contribution which supported the beginnings of this Mission.

I cannot continue without mentioning **our members, companies and professional organizations**, who participated in surveys, interviews, workshops and public consultations, which allowed us to better understand the challenges, issues and perspectives of corporate governance in our country and to gather their opinions, which are so necessary to the realization of this initiative.

GICAM also expresses its gratitude to the **public administrations, international organizations and foreign employers** with whom it has exchanged visions, experiences and recommendations relating to the development, adoption, promotion, effectiveness and sustainability of this *Code of Good Corporate Governance*.

Finally, I cannot end this round of thanks without expressing my warm gratitude to the **Board of Directors and the Executive Management team**, who have worked tirelessly on a daily basis to achieve this ambition.

Célestin K. TAWAMBA
President of GICAM



PREAMBLE

Since 2008, the changes taking place throughout the world have led us to rethink our political, social and economic models in the light of a more sustainable era. And, in this regard, companies, including African companies and in particular Cameroonian companies, must not be left behind. To this end, thinking about the competitiveness of companies beyond their simple financial performance but rather in the perspective of creating value for all has become over the years and throughout the world an imperative for economic survival. In Cameroon, the competitiveness of companies is obstructed by the opacity of finances and information, the non-respect of ethical rules, the disrespect of regulations, or even criminal behaviour within the company.

Faced with this, GICAM, as the most representative organisation of the Cameroonian private sector, has a duty to promote an entrepreneurial renewal in Cameroon so that companies can fully take part in the sustainable transformation of our country. Such an entrepreneurial renewal can only be achieved through a more sustainable corporate governance; in other words, a partnership approach to governance that takes into account the interests of all interested stakeholders (partners/shareholders, employees, customers, local communities, competitors, public administrations, service providers and suppliers, future generations, etc.).

An inclusive, participatory and consensual approach

Throughout the process of developing this Code of Good Corporate Governance, and precisely at each key stage, GICAM was keen to involve all these stakeholders. Thus, upstream, a diagnostic phase consisted of assessing corporate governance in Cameroon, notably through quantitative and qualitative surveys. In addition, a mapping of stakeholders and a comparative analysis summarising the divergences and similarities within the peer codes were carried out. Twelve (12) group interview workshops on corporate governance in Cameroon were then organised. This phase ended with a workshop for the restitution of the different diagnostic works to the public.

As part of these activities, in addition to companies, which are mainly interested in the Code, public administrations, supervisory authorities and specialised government agencies were invited to participate in all stages of this process. The same applies to the various regional regulatory institutions, international organisations and local professional associations.

This initial diagnostic phase then enabled us to begin a drafting phase during which the first versions of the Code were written, presented and then reviewed in terms of both format and content by a dedicated working group of multidisciplinary experts. The draft Code was then submitted to public consultations for almost two months; all the observations and comments received made it possible to enrich and adjust it.

Thus, at the end of the consultation and drafting phases, the GICAM Board of Directors, at its session of 20 January 2023, adopted the Code of Good Corporate Governance, an

instrument that is both endogenous and tailored to the profile of our economy and our companies, but above all, at the cutting edge of international innovation in this area.

A tool anchored in our society...

From the outset of this initiative, GICAM decided to design an instrument that reflects the sociological realities of our country and integrates the good ancestral cultural practices of the continent. This requirement is reflected first and foremost in the major principles formulated in the General Code, namely the principles of sustainability, equity, collegiality and inclusion.

This requirement can also be seen in the respect for the environment, which, beyond global ecological trends, is rooted in the close relationship that our peoples have with nature.

Obviously, in this Code, ethnic diversities are well taken into account with regard to our socio-anthropological realities. The same applies to the prohibition of discrimination on religious grounds. Finally, considering the ancestral driving role of women in our African societies - some of which were matriarchal at the outset - the imperative of gender diversity, particularly in the boards of directors and management committees of companies, is promoted and defended.

In short, this Code reflects a history but above all shared values and beliefs, the most important of which is the philosophy of Ubuntu, which is the basis for the creation of a new society.

...fit to our economy and tailor-made for our companies...

In addition to drawing its sources from social practices, this Code also has the ambition to fit the economic fabric of our country, characterised by a predominance of SMEs and the central place occupied by the State in all its dimensions (strategist, provider and shareholder) as an economic operator.

Similarly, although governance standards apply to all companies, differences in size, social structure, public or private shareholding, and the fact that they belong to a group of companies or a regulated sector have made it necessary to take these disparities into account in the drafting of this framework. In this vein, it would have been impossible to ignore companies listed on the stock exchange, given the development of the sub-regional financial market in recent years.

In order to reflect these different realities, this Code of Good Corporate Governance has been designed according to the following triptych:

- a general Code which sets out the principles applicable to all companies and which underpin good corporate governance ;
- a good governance document for large companies, which also includes three sectoral annexes that include good governance precepts and practices enriched or adjusted to reflect the particularities of listed and multinational companies, regulated companies and state-owned companies;

- a good governance document entirely dedicated to SMEs, VSEs and family businesses.

In order to align with our economic reality, the transfer of small and medium-sized enterprises and particularly family businesses, a major problem in our environment, in which most structures disappear with the disappearance of their founders, has been strongly developed.

Furthermore, the desire to facilitate the use of this instrument by companies led to the drafting of the Code according to another triptych: principles-precepts-practices of good corporate governance; thus proposing concrete measures or tools over and above the general principles and rules. In order to ensure that the Code can be applied in an agile and flexible manner, practical guides and toolkits will be made available to companies.

...in line with the ambition to prepare a cutting-edge mechanism in line with international standards.

The Code of Good Corporate Governance certainly integrates international standards in this area, notably by drawing inspiration from the OECD principles on corporate governance, but it also proposes some unique innovations. Thus, through the principle of sustainability, the importance for companies to recall their *raison d'être*, their social interest and to respect the duty of care of the shareholders was underlined.

At the same time, a strong emphasis was placed on the definition and implementation within companies of extra-financial performance indicators and strategies. Moreover, the social, societal and environmental responsibility of companies is strongly emphasised in the Code, and constitutes an element of variable remuneration for managers. More broadly, attention to relations with the company's various internal and external stakeholders and respect for their interests permeate this Code in all its aspects.

Still with a view to innovation, the Code proposes precepts relating to technology intelligence, employee profit-sharing, employee involvement in the decision-making process and the promotion of voluntary work and community involvement.

In doing so, without claiming to present this Code as an exclusive vade mecum on corporate governance, nor as a substitute for the personalised advice that companies can receive, GICAM sees it as a living compass at the service of companies wishing to become the national champions of tomorrow. In view of the interest aroused to date by the approach, there is reason to be optimistic about the adherence of companies to this initiative and to wish this Code of Good Corporate Governance all the success it deserves.

Jacques Jonathan NYEMB

Board Member of GICAM

Chairman of the IBGE Task Force



PRINCIPLES OF GOOD
GOVERNANCE FOR ALL
COMPANIES



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INTRODUCTION

The *raison d'être* of any company is the creation of value for the good of society while respecting the environment in which the company conducts its activities. Given the need for sustainable development and major transformations in the world, at times storming from economic, political or health crises, companies in all countries are forced to change strategies and practices towards their investors, customers and competitors. Beyond the purely financial and economic logic, they must include in an inclusive approach all other stakeholders including the social and natural environment. It has been proven that good corporate governance can help meet these challenges and make companies more resilient: it is about how companies' objectives are defined, and how decisions are made, disclosed, implemented and monitored to enable the company to create sustainable value for society as a whole and thus participate in the development of the environment in which the company operates.

The need for good governance also applies to Cameroonian companies, be they small, medium or large, whether they belong to the private or public sectors. The need for a standard reference guiding their governance practices justifies the adoption of this Code designed by the Inter-Patronal Group of Cameroon (GICAM).

The purpose of this Code is to set out the principles of good governance that should guide the actions of the company's managers. These managers are the people with decision-making power in the company: namely, managers, directors and administrative and management bodies. However, beyond these targets, the entire staff must also be aware of these principles, in order to facilitate their understanding of the imperatives which guide management's decisions, the company's missions and values and to apply them within the company and in their relationships with all stakeholders. Similarly, shareholders or associates, or all other stakeholders such as customers, suppliers, investors, public administrations and local communities, will benefit from knowing these principles and determining the extent to which the company applies them to assess the trust that can be placed in its managers.

The principles are the following:

1. **Sustainability**
2. **Equity**
3. **Integrity**
4. **Accountability**
5. **Collegiality**
6. **Competence**
7. **Inclusion**
8. **Impartiality**
9. **Transparency**



PRINCIPLE I: SUSTAINABILITY

The principle of sustainability refers to the continuity of the company and its activities over the long term.

To enable everyone within the company to understand the common objective of their work, the company will endeavour, from the outset, to define its **raison d'être**, its economic ambition, but also the role it wishes to play in society and the environment to which it belongs. By including these elements in its articles of association, the company makes its stakeholders aware of these identity markers. It can also achieve this objective by publishing a mission statement adopted by its leadership, including concrete commitments and actions to be taken in the daily life of the company, to achieve specific results in the matter. In addition, the company reinforces its place and image in society by encouraging its staff to use their free time to get involved in causes that correspond to their ideas and aspirations and have a positive impact on the community. It can also invite its staff to initiate or follow projects/actions in this sense, within the company.

The consideration of objectives that go beyond financial indicators and immediate results underpins the **concepts of sustainable value creation and company perennity** that must guide the actions of the company's leadership. The company's leadership is responsible for managing trade-offs between the short and long term, ensuring that the pursuit of short-term goals does not threaten the soundness of the organisation and its success over time. Similarly, the success of the company's operations should not be achieved at the expense of the good relations it must maintain over time with its stakeholders nor to the detriment of its ecological, economic, political and social environment, which it must take into consideration. It must also account for the sustainability of the economic development of the society and communities in which the company operates, whose customs and sociological realities it must consider in its respect of human rights. The continuity of these relationships and the sense of belonging to an economic and social community are essential for the stability and development of the company.

The definition, adoption and execution of a company **strategy based on these concepts** are part of the primary responsibilities of administrative and management bodies. The company's strategy is based on a study of challenges and risks that the company is facing now and will have to face in the future and is accompanied by a financing and operational implementation plan over several years. This strategy is updated regularly based on results obtained. In addition, the management bodies ensure that innovation is integrated into the company's strategy and that a governance framework and a corporate culture conducive to innovation are created.

The sustainability of the enterprise requires the enterprise to be **in a constant state of vigilance** to identify the risks that its environment could pose to it and those that it could pose to its environment and to prepare to prevent or remedy them.

The risks that the environment may pose to the company are of various kinds and may arise suddenly or creepily: economic or financial crisis, epidemic or pandemic, natural disasters, climate change, technological evolution or revolution, political upheaval, etc. The company maps them out in order to identify the risks that it may face. The company draws up a map that ranks them according to their probability and their materiality in relation to the company's activities. For the most likely and most material risks, it prepares the prevention, mitigation or repair measures most likely to ensure the company's survival and continuity. The company's vigilance is also exercised with regard to its main **competitors**, whose innovations it monitors, and its main stakeholders, in particular its **suppliers and customers**, whose practices it monitors, such as their respect for workers' rights and working conditions.

The company must also define the **potential social and environmental impact of its activities**, and determine how the resulting risks will be managed and how the potential damage will be compensated or remedied. This analysis may lead to the adoption of a "social and environmental responsibility" (SER) policy and/or a due diligence plan. In order to encourage managers to take CSR elements into account, the company may integrate the relevant criteria into the remuneration policy of managers by adopting a method and indicators that measure their performance on the basis of pre-established CSR objectives.

The company identifies which of these risks it can insure and, depending on the cost, takes out the necessary insurance policies. In addition, in order to exercise their duty of care, the administrative and management bodies ensure that the company has warning systems and procedures to be implemented in the event of risks materialising, and periodically assess their effectiveness in order to update them, if necessary.

Lastly, the long-term survival of a business requires that its **transfer to new owners** or buyers be prepared so that it is not carried out in a climate of crisis or emergency. This applies to all companies, whatever their form and size, but especially to family businesses and small companies: in these cases, the succession of the founder often raises family, financial, tax, legal and relational difficulties, which it is essential to identify and analyse in advance. With the help of qualified and neutral professionals, a strategic succession or transfer plan should be drawn up and the value of the company should be determined according to the most appropriate method for its assets and activities. During the transfer process, it is important to inform the staff, whose loyalty and commitment are essential for the continuation of the business. After the transfer, it may be necessary for the transferor to remain temporarily involved to ensure the transition and accompany the takeover.



PRINCIPLE II: EQUITY

The equity principle requires that the company treats all parties equitably when they are facing similar situations.

This principle is essential in creating and maintaining a **good working environment at all levels of the company** and fostering employee motivation in the pursuit of the common goal. Practices of tribalism, clientelism, nepotism, corruption, harassment, influence peddling, discrimination based on gender, religion and all other forms of discrimination must be prohibited. The shareholders or business partners must apply the principle of equity when nominating members of the administrative bodies, when determining their remuneration and in their evaluation, which will be done according to transparent rules known to all the workers. They must do the same for the members of the management bodies.

Staff members must also benefit from its rigorous application in terms of:

- candidate selection and employee recruitment,
- the distribution of positions and the attribution of responsibilities,
- promotions,
- remuneration increases, bonuses and other compensation components, and
- the handling of special situations more generally (benefits, sanctions, etc.).

Without equity, creativity and productivity will be impacted, and this will jeopardise the company's perennity: actors who feel that effort they have made has not been fairly rewarded will seek to re-establish the balance through other means (various demands, lower level of productivity, less information sharing, less transparency, absenteeism, etc.).

It is useful, and often essential, to also apply the principle of equity **in the company's relations with third parties**, for example in favour of the following persons or bodies:

- shareholders or business partners, regardless of the size of their investment and their nationality or residence, in their access to information and in the exercise of their rights, including their voting rights;
- staff representatives and trade unions, in the context of professional elections and relations with the leadership;
- customers, when setting the commercial terms of goods and services and services provided by the company;
- suppliers, in accessing and awarding the company's contracts, and in getting what they are rightfully owed.
- the members of the local communities, in the recognition and mitigation of the impacts of the company's activity on their daily life, their customs and their cultures.



PRINCIPLE III: INTEGRITY

The principle of integrity requires acting with honesty and probity in all situations.

The principle of integrity must be in the first position of values that underpin the life of the company. It applies primarily to the company's leadership but must also be respected in the company's relations with all third parties: shareholders or business partners, staff, customers, suppliers, Government, trade unions, local communities, etc.

In this regard, the leadership should demonstrate unquestionable honesty and refrain from any conflict between their personal interests and those of the company. They must respect human rights, the law, and the culture and customs of the local communities. They must also formulate a vision of corporate ethics and explicit **rules on expected behaviour in the conduct of the company's business and its relations with all parties**, in particular:

- those which are prescribed or recommended by the company, including how to react to possible solicitations from third parties, and
- those which are not tolerated by the company, whether they are illegal or not in line with its code of conduct.

These rules should include **a number of absolute prohibitions** in the pursuit of the company's business, especially the prohibition of any attempt or practice of active or passive corruption, money laundering, financing of terrorism, human rights violations, counterfeiting, infringement of industrial property rights, tribalism or nepotism, anti-competitive practices and unauthorised or illegal use of personal data,

The leadership regularly ensures that the company has the **necessary means and procedures** in place to prevent, detect and sanction violations of the law and its ethical rules. As far as prevention is concerned, the staff who are most exposed to risks in the domains identified in the code of ethics benefit from adequate and regular training. The leadership also ensures the establishment of mechanisms to detect, denounce and sanction alleged violations in respect of fair procedures: investigations, rights of defence and sanctions proportionate to the offence.

A whistleblowing process must be established to allow staff and third parties to report, confidentially and without fear of reprisal, any concerns they may have about suspected illegal or unethical practices.



PRINCIPLE IV: ACCOUNTABILITY

Accountability refers to the obligation to report. It is the direct counterpart of responsibility; those who have been given responsibility in the company are accountable to those who have given them the task and, to some extent, to all stakeholders.

In the company, the law and the articles of association bring together two main actors: on one hand, shareholders or business partners, who have made contributions in kind or in cash to constitute the initial capital or have invested in the company subsequently, and, on the other hand, managers of the company. The general meeting of shareholders has exclusive powers (in particular the power to nominate the leadership) but has neither the power of decision within the company nor the power of representation or commitment towards the outside. These powers belong to the leadership of the company.

In any case, it is vital to **clearly define the responsibilities** of each governing body, and those of individual managers and directors, in order to define their respective scopes of intervention and the extent of their decision-making powers. Within each body, the role and missions of each director and manager as well as the hierarchy to which they belong should also be clear.

Clear delegation of authorities is fundamental in ensuring accountability within the company. In light of this principle, the administrative body shall **inform the shareholders or business partners of the fulfilment of the mission** entrusted to it by the articles of association. This principle also applies to the management body vis-à-vis the administrative body, which must be aware of what is happening in the company so that it can report to shareholders or partners. Overall, accountability is required at all levels in the company. Accountability is also required with respect to stakeholders impacted by the company's activities (employees, suppliers, local residents, and investors).

In some sectors of the economy, for example, if the company is owned by the state, listed or regulated, the company and its officials must also report to **regulators and supervisory authorities**.

Accountability is the cornerstone of the **control power** of the receiver of information: it should enable him to judge whether the company's evolution aligns with the objectives set, ensure that all the risks facing the company are taken into account and properly managed, evaluate the performance of those in charge and, with this information, to make informed decisions.

The reporting shall be carried out in accordance with provisions of the articles of association and those agreed between governing bodies. It should be both **ad hoc and periodic, and take place at least annually**. However, in case of any event that occurs, or appears likely to occur, that has the potential to compromise the company's performance, financial position or reputation, the person responsible shall report on it as soon as possible.



PRINCIPLE V: COLLEGIALITY

The principle of collegiality refers to a mode of interaction based on listening to and including the views and opinions of all persons involved in the consultation or decision-making process.

As maintaining harmony within the company is a crucial condition for its success, a 'sense of collectiveness' must always guide the leadership's conduct. and the search for informed consensus¹ in the pure African tradition of inclusion must always guide the leadership's conduct, in the interest of the company and its purpose.

Within administrative or management bodies, whether decisions are taken by consensus or by majority, directors and managers must act in a collegial and inclusive manner, **without complacency, but also with courtesy** in the exchange and confrontation of ideas. The head of the company/general manager, especially if most of the power is concentrated in his or her hands, should also seek to reduce the gap that may separate them from internal collaborators and external advisors, and to establish a relationship of trust with them.

Collegiality requires **special organisational arrangements** from the company, managers and staff, particularly with regard to meetings that will have to be held under certain conditions, namely :

- Notification and communication of documents in advance, which allows those convened to prepare themselves to provide a quality contribution to the meeting;
- presence and attendance of participants, who must make every effort to honour the invitation;
- chairing of the meeting by a person prepared for this task, who gives (or, if necessary, withdraws) the floor to various speakers, and allows everyone to express themselves freely and without fear;
- good faith and high standards in exchanges, which exclude language and personal attacks;
- meeting minutes, which record the various views expressed and decisions taken, and which are promptly disseminated after meetings;
- maintaining the confidentiality of exchanges, decisions and documents (unless expressly stated otherwise).

The administrative body should be subject to **periodic collective evaluation**, including the attendance of members at meetings. In the case of individual evaluation of the administrative body's members, their attendance to meetings and collegiality should be taken into account, among other things, in deciding whether they should be renewed.

¹ Informed consensus is one that takes into account the interests of all parties, including those from other groups



PRINCIPLE VI: COMPETENCE

In administrative and management bodies, and at other key levels of the company, nominations should in all circumstances be made based on the needs of the company as well as the specific skills required for each position.

To this end, **skills matrixes**, outlining the position and duties of the position in the organisation, as well as the qualifications and skills required, are established and used when the position is about to become vacant. These skills matrixes are regularly updated to reflect the changing needs of the company and the environment in which it operates.

The selection process for a position usually requires a competition between several candidates, who must be able to demonstrate their technical qualifications in their field of work. In cases where the position to be occupied involves leadership responsibilities, some **human qualities** should also be taken into account: authority, leadership, communication skills, sense of responsibility, ability to integrate, empathy, ambition, etc.

In order to assess the technical and human skills of various candidates, **different selection methods** can be used: tests and examinations, face-to-face interviews, panel interviews, etc. In assessing the human skills of candidates, their achievements in previous positions in the same or other companies should not be ignored. The final decision on the selection and nomination of a candidate may be made by a single individual or by a committee. In any case, special consideration should be given to the opinion of the manager under whom they will be working.

After being nominated, the position holder should be able to benefit from **continuous training** that allows him/her to renew their knowledge and adapt it to changes, new facing the company as well as the risks related to the position.

To ensure continuity of the position, and to facilitate the transfer of responsibilities, **succession plans** are put in place and updated, which identify, and where necessary prepare, talents of the future.



PRINCIPLE VII: INCLUSION

The principle of inclusion implies fair and respectful treatment of all people, ensuring that they have equal access to opportunities and resources within the company.

The inclusion principle aims at integrating and retaining different talents, skills, ethnicities and personalities and making them work together within the company. The promotion of diversity, whether it be in gender, ethnicity or age, allows the company to ensure its perennity by installing a creative heterogeneity. It is also a driving force in the evolution of ideas and minds within the company, its stakeholder environment and, more generally, society at large.

Proactively, the company will benefit from **setting diversity targets**, and therefore promoting inclusion within its administrative and management bodies as well as within its staff. It will also endeavour to proscribe discrimination of any kind as well as any practice of tribalism, favouritism or nepotism that would undermine the principle of inclusion. It can do the same with other stakeholders. In any case, it will ensure that the principle of equity is still respected.

Diversity targets may be set for the medium term, for example by setting targets that should **be reached progressively** over the years. In this area, gender diversity within administrative and management bodies should be a priority. Once diversity targets and relevant schedules for implementation have been defined, any proposal for nomination or renewal of a director or manager should be supported by an analysis of its possible impact on the set diversity targets. Determination and evolution of the situation regarding this objective will be the subject of regular information accessible by the persons concerned. The principle of inclusion can also be applied to other categories of people whose employment can lead to better social integration, such as minorities and disabled persons.

Implementing the principle of inclusion requires the company to have **appropriate monitoring and supporting tools**: training for stakeholders and decision-makers, keeping information systems up to date, regular checks, requests for explanations and sanctions in case of non-compliance with objectives, appeal procedures, etc.



PRINCIPLE VIII: IMPARTIALITY

The principle of impartiality in corporate governance requires that decision-making be based on objective criteria, devoid of bias or prejudice.

The leadership should always be impartial, especially members of the administrative bodies whose task it is to approve proposals prepared by management, or to monitor or control their actions.

These leaders will be chosen, among other criteria, based on their **ability to shape their independent opinions** on issues submitted to them, to express them clearly and courageously and to participate calmly in debates on those issues. These skills will be taken into account during the periodic evaluation of their participation within the unit.

The impartiality principle is applied most importantly to the director who has to fulfil specific legal requirements to qualify as an **'independent director'**. If these conditions are not stated in the law, the company, in its articles of association or in its practice, can prescribe them according to its characteristics and needs.

Impartiality will also be reinforced by:

- **conflicts of interest** provisions, which (i) prohibit directors and managers from making or supporting decisions that favour their personal interests or those of their associates, (ii) require them to disclose any conflict of interest, and (iii) require them to refrain from participating in deliberations on matters that give rise to such a conflict;
- provisions relating to the **number of mandates** that a director or manager may hold in other companies or relating to the conduct of activities that compete with the company's activities, whether for the director's or manager's own account or for that of another natural or legal person;
- provisions on **related-party transactions**, namely material transactions between the company and one of its directors or managers, which must be subject to special authorisation and control.

Within the administrative body, collective impartiality will also be strengthened by provisions on the **limitation of the number of executive directors** (that is, persons belonging to the management body).



PRINCIPLE IX: TRANSPARENCY

The principle of transparency requires all information relating to the operation and performance of the company to be available and easily accessible.

The company's leadership must act with transparency, both internally, so that it is known what decisions are taken and why, and externally, so that stakeholders, who need to know, are informed. Adequate disclosure within and outside of the company is a vital part of its governance.

Within the company, transparency implies clarity in the allocation of responsibilities, allowing management and staff to know who is in charge of projects, the nature of decisions taken or to be taken, progress on operations and periodic results of the company's activities.

Outside of the company, transparency is a prerequisite for the accountability of managers and directors to shareholders, business partners and other stakeholders. Regulators and supervising authorities should also benefit from this transparency, particularly if the company is state-owned, a listed company or a company whose activity is regulated.

The **truthfulness and completeness** of the information disclosed are essential, and so are:

- **its materiality** (that is, focused on useful information),
- **its timeliness** (that is, it is available to decision-makers at the time they need it), and
- **the equity in its dissemination** (that is, it is available to all business partners in the same situation).

The company should pay special attention to the dissemination of information to existing or potential investors. However, the principle of transparency does not oblige the company to disclose information that could jeopardise its competitive position, nor does it oblige the leadership to reveal elements that are subject to secrecy or confidentiality obligations.

It is also beneficial to the company to **publicly disclose the corporate governance** standard it follows or refers to, and the extent to which it complies with its provisions.

Compliance with the principle of transparency is particularly important for companies that **control or are part of a group**. It should encourage group leadership to make visible the organizational structures and the often complex relationships between its various components.



PRECEPTS AND
PRACTICES OF GOOD
CORPORATE
GOVERNANCE FOR
LARGE COMPANIES



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INTRODUCTION

These Precepts and Practices of Good Corporate Governance are intended for all large companies in Cameroon,² especially companies that belong to one or more of the following categories:

- **Publicly traded companies, listed companies and multinational companies;**
- **Large non-publicly traded companies;**
- **regulated companies; and**
- **State-owned enterprises.**

Good Corporate Governance

Corporate governance refers to the way decisions are made within a company and how they are implemented and shared to enable this company to achieve its objectives, particularly those of sustainable value creation. It focuses on the way companies are run and controlled and seeks to ensure that the governance and management bodies are able to exercise their responsibilities in the administration and management of the company. It is therefore different from business management, which is concerned with establishing a strategy and operational objectives according to the type of business, the resources to which it has access and the risks it has to face.

The objective of this document is to guide large Cameroonian companies towards the adoption of good governance standards so that strategic and operational decisions are taken in an appropriate way and made by people who are able to make them and to assess the risks. These decisions must be controlled by the appropriate bodies within and outside of the company.

In this regard, large Cameroonian companies will increase their value creation, improve their reputation among the stakeholders who are useful to their activities and, more generally, will strengthen the confidence of their economic, financial and social environment.

Outline and instructions

This document is divided into eight chapters, each of which is concerned with an essential element of a good corporate governance system:

- 1. Responsibilities, structure and functioning of the board of directors**
- 2. Management**
- 3. Control and risk management**
- 4. Remuneration**

² Small and medium-sized enterprises (SMEs), very small enterprises (VSEs) and family-owned SMEs/VSEs are subject to specific precepts. See: 'Precepts and practices of good corporate governance – A document for small and medium-sized enterprises (SMEs), very small enterprises (VSEs) and family-owned SMEs/VSEs

5. **Culture, values and ethics**
6. **Dissemination of information**
7. **Respect of shareholders and their rights**
8. **Stakeholder engagement.**

Each chapter of this document is made up of three parts:

- a. a reminder of the **Principles** of the General Code which are particularly relevant to the subject matter of the chapter;
- b. a limited number of **Precepts**, which are the general rules to follow in the implementation of each element in place; and
- c. a list of detailed **Practices**, which are recommended for further implementation of the element in question. These Practices are illustrative.

They all form a reference framework that large Cameroonian companies should consult and follow willingly, and not a mandatory framework to which they must adhere.

Anyone who wants to make an overall assessment of corporate governance should start by reading the **Principles of good corporate governance in the General Code**. Then, read this document and, referring to the **Precepts** in each chapter, determine to what extent the company is implementing each of them. If this company does not apply any of these Precepts at all, or does so partially, they will have to give reason(s) for the non-compliance.³

In order to carry out a detailed assessment of a company's governance, the same exercise will be done with reference to the **Practices**.

Proportionality principle

The proportionality principle governs this entire document, including its annexes, and their implementation. This means that some of its precepts or practices may not apply in their entirety to the specific case of a company, due to the nature of its activities, its size, risk profile, business model, complexity, membership in a group, etc. The precepts and practices of this document and its annexes that are not taken into account for any of these reasons should be indicated and, in each case, the explanation of non-compliance should provide the specific elements that would enable the company to conclude that this principle or practice is not applicable to that company, in line with the 'comply or explain' system.

Sectoral annexes

The sectoral annexes are intended to adapt some of the **Precepts** and recommended

³ This system called 'comply or explain' is recommended by the OECD.

Practices to the specific challenges, stakes and characteristics of (i) publicly traded companies, listed companies and multinational companies (annex 1); (ii) regulated companies (annex 2); and (iii) state-owned enterprises (annex 3). Thus, the sectoral annexes should be considered together with the chapters of this document and follow their structure.

However, they do not repeat all the **Precepts** and **Practices** recommended, but rather complement, enrich or replace some of them, where appropriate. They are identified in each annex.

Interaction with Cameroonian Law

This document and its annexes are a set of principles and practices that complement the law and regulations. In the first place, good corporate governance requires strict compliance with legal and regulatory provisions, both in spirit and in method.

However, this document adds principles and practices that are either more detailed or set higher standards than the legal provisions which govern the same field. In other words, although respect for the law and regulations is necessary, it may not be sufficient in itself to ensure compliance with the principles and practices set out in this document. However, following the content of this document does not cancel the company's obligation to comply with the law and regulations applicable to it.

This document and its annexes apply to any company, regardless of its legal status. To make it easier to understand, this document and its annexes primarily refer to the governance body of public limited companies. In these companies, the law and the statutes bring three main actors together: the general meeting of shareholders, the board of directors and the management:

- a. The general meeting of shareholders, a sovereign body, has exclusive powers which it cannot delegate: it appoints the board of directors, approves the annual accounts and, if necessary, amends the bylaws. Those who run the company are accountable to them. However, the shareholders' meeting neither has the power of management within the company, nor the power of representation from outside.
- b. These powers belong to the board of directors and the management, which have distinct roles but share the 'leadership' of the company: they have joint responsibility for strategy and management and the mission to ensure the company's success.

To simplify the wording, this document and its annexes particularly concern public limited companies with a single board, that is, a board of directors and a general manager: this is, indeed, the most common governance structure among Cameroonian public limited companies.

This document and its annexes also apply to companies that do not have the form of a

public limited company with a single structure. For public limited companies with a general manager, it should be taken into account that the powers of the board of directors and the general manager are exercised by the general manager. For other companies, for example limited liability companies it is necessary to read this document and its annexes and make the necessary adjustments:

- by replacing the terms 'shares', 'shareholder', and 'general manager' by the terms 'shares capital', 'Partners', and 'manager' respectively;
- While taking into account the fact that the powers of the council of a public limited company are shared between the shareholders' meeting and the manager. These companies can also consult the specific document for small and medium-sized enterprises (SMEs), very small enterprises (VSEs) and family-owned SMEs/VSEs, which provide additional information in this regard.

Persons concerned

All members of the administrative and management bodies are concerned by this document, as they are primarily responsible for governance in the company. This document also concerns all the company's stakeholders (shareholders, investors, customers, suppliers), by enabling them to understand the extent of the obligations and the duties of the people with whom they deal within the company. The company is part of an ecosystem in which it uses, values and relies on the contributions of different stakeholders that it affects through its activities, who themselves also affect the company. Consequently, corporate governance cannot ignore stakeholders. This approach to governance, born of both the limitations of the company and a responsible approach, has been reinforced by the pandemic, which has demonstrated the fragility of the company and the importance of each stakeholder in creating long-term value.

Entry into force

This document and its annexes shall enter into force as of April 1st, 2023.

Revision process of the general code and this document

Corporate governance is defined as a continuous improvement approach that must take into account the results of the implementation of existing texts, as well as the evolution of national legislation and international standards. The *Haute Autorité de Gouvernance* serves as a permanent observatory of these aspects. It shall propose the revision of the General Code, of this document and its annexes at regular intervals – every three years or more often if necessary – in the light of the national and international changes in company life and business practices.



GLOSSARY

Terminology in the document	Definitions
Independent director	A member of the board of directors who has no relationship of any kind with the company, its group or its management that might compromise the exercise of his or her freedom of judgment. The criteria for independence are set out in the practice
Non-executive director	A member of the board of directors who does not exercise management functions within the company
Board members' Charter	Document setting out the rights and obligations of board members
ESG	Environmental, Social and Governance
Stakeholders	All natural and legal persons who are affected by and/or can influence the decisions of a company. This includes shareholders, investors, employees, customers, service users, suppliers, local authorities etc.
SME	Small and Medium-sized Enterprises
Rules of procedure of the council	Document setting out the tasks and operating procedures of the board of directors (e.g., frequency of meetings, participation, procedures for convening meetings)
Executives	Term referring to the persons in charge of the administration or management of the company
SER	Social and Environmental Responsibility
VSE	Very Small Enterprises



CHAPTER 1: RESPONSIBILITIES, STRUCTURE AND FUNCTIONING OF THE BOARD OF DIRECTORS

The board of directors has multiple responsibilities in terms of designing the company's strategy, appointing its management, remunerating its executives, overseeing its operations, controlling its management, promoting its culture and ethics, disseminating information to the public, etc.

In order to perform its duties, the composition of the board of directors must consider the skills and qualifications required by the field of activity and the complexity of the company. The quality of its membership should enable it to have a global and independent perspective regarding matters important to the company.

The functioning of the board of directors and its committees must be subject to clear rules, applied consistently.

Principles of good governance

For this chapter, it is necessary to consult the **Principles** set out in the General Code, as they are all, in varying degrees, relevant in this regard. In fact, the company officials who are board members and members of its committees must:

- be appointed according to their **skills, integrity** and **impartiality**, which they will endeavour to maintain and develop throughout their mandate;
- respect the principle of **collegiality** in their exchanges within the company and with stakeholders;
- be constantly guided in their decision-making by the principles of **sustainability** of the company, **equity** and **inclusion**; and
- scrupulously respect their obligations of **accountability** and **transparency**

Precepts of good governance

1.A. Statement of the board's responsibilities – The strategic, operational, financial and social responsibilities of the board are clearly set out in the company's bylaws and other documents approved by the general meeting of shareholders or, as the case may be, by the board of directors, which are available on the company's website.

1.B. Membership of the board – The board of directors is organised in a way that it can carry out its strategic and supervisory tasks effectively and exercise an independent and impartial judgement. The rules of procedure of the board of directors, in conjunction with its statutes, define a standard profile of its membership to ensure that it has the necessary qualifications and experience in relation to the characteristics of the company, and that it benefits from a diversity of qualities and prospects.

For state-owned enterprises, this Precept is replaced by another specific Precept for these companies. See the sectoral annex for state-owned enterprises.

1.C. Independence of the board – At least one-quarter (and no less than two) of the members of the board of directors are independent. Collectively, the board of directors ensures that it maintains its independence of judgement vis-à-vis management.

For publicly traded companies, listed companies, multinational companies and regulated companies, this Precept is replaced by another specific Precept for these categories of companies. See the sectoral annexes for these companies.

1.D. Separation of duties of the chairperson of the board and the general manager, Lead Director – Despite the flexibility provided by the OHADA acts, the company complies with best practices which suggest that the roles of chairperson and general manager should not be exercised by the same individual and that the chairperson should be a non-executive member of the board. In any case, the company's bylaws provide that, if the chairperson is the general manager, an independent member of the board, known as the 'Lead Director', shall be responsible for ensuring the good governance of the company at all times, and, where necessary, to:

- a. conduct the annual evaluation of the board of directors;
- b. participate in the design of the annual report on the governance of the company;
- c. participate in the examination and resolution of conflicts of interest of board members;
- d. ask the chairperson, on his own or with other board members, to place items on the board's agenda;
- e. in urgent cases and in the event of the chairperson's inability to perform his duties, he/she may ask the auditors to convene a meeting of the board of directors; and
- f. when the board of directors has not met for more than six months, he/she may call on the chairperson to convene a board meeting and, if he/she does not do so within fifteen days, he/she may set the agenda and convene the board if at least one-third of the members are in favour.

For state-owned enterprises, this Precept is replaced by another specific Precept for these companies. See the sectoral annex for state-owned enterprises.

1.E. Implementation of policies and procedures – The board ensures that the policies and procedures necessary to effectively carry out its responsibilities are in place and that it has the information, time, resources and administrative support it needs in this regard.

1.F. Availability of board members – The board members shall perform their duties reasonably and diligently and shall each devote sufficient time to their duties. Their rights and duties are clearly set out in a board Member Charter adopted, and updated regularly by the board of directors.

1.G. Board evaluation – The performance of the board of directors, its members and, where appropriate, its committees are regularly evaluated.

1.H. Duties, membership and resources of committees – The board of directors annually assesses the need for specialised committees to assist it in carrying out its functions in particular domains. It ensures that the membership of these committees and their access to the necessary information and resources enable them to fully play their roles. It shall ensure that each committee has a charter or any other regularly updated document defining its mandate, scope of activities and operating rules.

1.I. Availability of committee members – The members of the board’s committees shall perform their duties reasonably and diligently and shall each devote enough time to their duties.

1.J. Disclosure of committees – In the interests of transparency, the board of directors shall disclose the mandate and members of its committees.

Practices of good governance

Board of directors

1.1. Delimitation of powers – In compliance with the law and regulations in force, the bylaws and other internal acts clearly state the powers of the board of directors and the matters that are reserved for its **decision, in particular decisions concerning the strategy, budget, risk exposure and reputation of the company. The board of directors refrains from interfering in the day-to-day management of the company. The bylaws are available on the company’s website.**

For state-owned enterprises, this Practice is replaced by another Practice specific to these companies. See the sectoral annex for state-owned enterprises.

1.2. Powers of the board – In addition to the specific powers set out in other sections of this document, the board shall have the following powers:

- a. contribute to the fulfilment of the company’s mission in creating sustainable value;
- b. participate in the development of the company’s strategy, its funding and operational implementation plans and its multi-year plan; approve them;
- c. examine and validate the annual budget, approve the annual accounts and propose the allocation of results;
- d. authorise the acts of disposal of assets provided for by law or the company’s bylaws;
- e. review and approve the policy defining the company’s risk appetite, that is, the nature and extent of risks that the company is willing to take to achieve its long-term strategic objectives and other key company policies (remuneration policy, dividend policy, social and environmental responsibility policy, etc.);
- f. ensure the follow-up, control and regulation of the management of the company’s activities and resources;
- g. participate in the promotion of the company’s culture and ethics;
- h. ensure that conflicts of interest are identified and dealt with; approve related-party transactions before they are concluded;
- i. appoint and dismiss the general manager and supervise his/her performance, as well as that of the management;
- j. guarantee that succession plans are in place for management and any other key person;
- k. ensure that a dashboard is put in place, including indicators adapted to the company’s

activities and which makes it possible to determine, as often as necessary, that its results are in line with its strategy in the commercial, financial and organisational domains and, where appropriate, in the social and environmental domains; regularly monitor the evolution of the scorecard and take the necessary measures;

- l. ensure that risk management and internal control systems are in place and functioning properly, particularly in times of crisis;
- m. Ensure that governance meets the needs and characteristics of the company and is subject to an annual report;
- n. ensure that shareholders are treated fairly and that constructive relations are maintained with them;
- o. ensure that the information disseminated to the public is accurate, of good quality, relevant and complete;
- p. guarantee that the management maintains a trustworthy relationship with the stakeholders; and
- q. ensure compliance with the legal or regulatory provisions in force.

In the particular case of groups of companies

In addition to the duties set out above, the board of directors has the following duties :

- a. supervise the activities and risks of the group companies it controls ;
- b. ensure that rules are in place defining the responsibilities and obligations of the controlling company and the controlled companies with regard to accountability and good governance;
- c. to define the principles to be followed for the nomination of board members of controlled companies, taking into account the requirements of the group and the potential conflicts of interest that may arise from multiple nominations to the boards of competing companies.

1.3. Number of board members – Within the limits laid down by the law and regulations, the board of directors must have a number of members which is important enough to enable it to carry out its responsibilities and those of its committees effectively, and small enough to allow quality exchanges and the expression of all points of view.

1.4. Target board profile – The board’s target profile shall integrate the following rules:

- a. No one shall be appointed as a member of the board if they will reach the age of 75 during their term of office;
- b. the board shall ensure that, as far as possible, there is a regional and ethnic balance in its composition. As such, at least two members of the board should be of a different ethnicity from that of the majority of members; and
- c. the board shall set a target for gender balance on the board, which is to be achieved in stages over the following years: the target to be reached at the end of the process – which may be extended over several financial years – is that each gender should be represented by at least 40% of the board members from the third year of the implementation of this document; any proposal for the nomination or renewal of a board member shall be accompanied by an analysis of its potential effect in relation to this target; the target is published in the ESG report,

together with an explanation of why the target has been set at that level and a plan of how it is intended to be achieved; progress towards the target and, where appropriate, the reasons why the target is not being met, are also stated in these reports.

1.5. Board continuity plan – The standard board profile is supported by a continuity plan that identifies individuals who meet the criteria.

1.6. Non-executive and independent board members – More than half of board members, including the chairperson, shall be non-executive. Insofar as the number of board members makes it possible, one-quarter of these members and at least two directors shall be independent members.

For publicly traded companies, listed companies, multinational companies, regulated companies, and state-owned enterprises, this Practice is replaced by another practice which is specific to each of these categories of companies. See the sectoral annexes for these companies.

Criteria of independence

A member of the board of directors or of one of its committees may only be deemed independent if he or she meets the following conditions:

- a. not having been, during the three years preceding his/her nomination, an employee or member of the administrative, supervisory or management bodies of the company;
- b. not having been, during the last three years, a permanent representative, employee or member of the administrative or management body of a shareholder or of a company consolidated by the latter;
- c. not having been, during the last three years, a member of the administrative or management body of a company in which the company holds a stake of more than 10 per cent;
- d. not being a member of the administrative, supervisory or management body of a company in which the undertaking holds a seat on the administrative body or in which a member of the administrative or management body of the undertaking, in office or having been in office for less than three years, holds a seat on its administrative or management body;
- e. not having represented a commercial or financial partner or having acted as an advisor to the company during the last three years;
- f. not being related up to the second degree to a shareholder or member of the board of directors of the company or his or her spouse;
- g. not having been a statutory auditor of the company during the five years preceding his/her nomination;
- h. not being a shareholder or part of a group of shareholders; not representing a shareholder or a group of shareholders
- i. not receive payments from the company in addition to the remuneration received for the performance of his or her board activities;
- j. not being or having been, during the previous three years, in a material business relationship with the company or its affiliates, directly or indirectly as a partner, shareholder, member of the administrative, supervisory or management body of an organisation that has a material business relationship with the company;
- k. not to have been a member of the Board of Directors for more than twelve years combined.

The board may consider that a candidate or director, although fulfilling the above criteria, should not be deemed independent due to his or her particular circumstances.

1.7. Nomination of board members – Before any nomination of board members by the general meeting of shareholders, the following information shall be made available to all shareholders:

- a. the candidate's CV, a brief presentation of the candidate's qualifications in terms of skills, education, training, experience and independence of mind, informing the meeting of the added value the candidate can bring to the board effectiveness;

- b. the candidate's capacity as an executive or non-executive member; and
- c. the candidate's other activities, including membership in the administrative or management bodies of other companies.

This information should also be made available to the company prior to the nomination of the representatives of the legal entity directors.

For state-owned enterprises, this Practice is replaced by another specific Practice for these companies. See the sectoral annex for state-owned enterprises.

1.8. Nomination of non-executive board members – For the nomination of non-executive members, the following information should also be available:

- a. The relationship between the candidate and the company or persons related to the company; and
- b. if applicable, the indication that the candidate will be considered as an independent member and, in this case, the reasoning that led to this conclusion.

1.9. Directors tenure and renewal – To ensure a harmonious and regular renewal of the members of the board of directors and the diversity of its membership:

- a. The terms of office are staggered to avoid all members of the management board being replaced or renewed at the same time; and
- b. the duration of the term of office of the members of the board, as set by the bylaws, does not exceed four years.

For publicly traded companies, listed companies, multinational companies, regulated companies, and state-owned enterprises, this Practice is replaced by another Practice specific to each of these categories of companies. See the sectoral annexes for these companies.

1.10. Renewal of a board member – When a board member is proposed for renewal, the documents of the general meeting of shareholders shall give details of his or her participation in the board and committee meetings during his/her previous mandate, as well as the results of his/her most recent performance evaluation.

1.11. Overboarding – No member of the board of directors shall hold more than five other board mandates in other companies, including companies whose head office is located outside of Cameroon. No executive member of the board of directors shall hold more than two other board mandates in other companies, including companies with head offices outside of Cameroon.

1.12. Cross-directorships - The board of directors should ensure that no member of the board is appointed to the board of directors of a company in which the company has a directorship or in which a member of the board of directors or the management of the company holds or has held in the last three years a directorship or a directorship.

In the particular case of company groups:

Where the undertaking is part of a group comprising a controlling undertaking and one or more controlled undertakings, these conditions do not apply to the undertakings in the group.

1.13. Information on board members' mandates – Every member of the board of directors shall regularly inform the board of directors, through the board secretary, of their activities as a member of the board or of the management of other companies.

1.14. Rights and duties of members of the board – In accordance with tradition, all newly appointed directors take an oath to perform their duties with independence, integrity, loyalty, diligence and professionalism, without compromise but also with benevolence. Their rights and duties are clearly set out in a board Member Charter adopted, and updated from time to time, by the board of directors.

For state-owned enterprises, this Practice is replaced by another specific Practice for these companies. See the sectoral annex for state-owned enterprises.

1.15. Availability of board members - The level of commitment and time that each board member is required to devote to the exercise of his or her mandate (regardless of the number and extent of his or her other responsibilities) shall be specified in his or her letter of nomination. Commitment involves active participation in board meetings and, as necessary between meetings, communication with the management and the heads of control functions or, at the specific request of the board, communication with shareholders and stakeholders. In addition to the time needed to travel and attend meetings, time shall also be dedicated to the planning of meetings of the board of directors and its committees. In the management report, a record of the participation of each member in the meetings of the board of directors and its committees is published.

1.16. Recusal - In the event of a conflict of interest, a member of the board of directors who is in such a situation shall not attend the debates and deliberations relating to the matter giving rise to the conflict. Any member of the board of directors who considers that he/she is or may be in such a situation shall inform the chairperson of the board of directors before the meeting at which the matter is to be discussed. The board of directors shall keep a register of all notifications relating to conflicts of interest.

1.17. Training of board members – The chairperson of the board of directors shall ensure that all board members receive initial induction training, a board integration process, as well as an ongoing training of at least two days per year to maintain and improve their skills and knowledge. The administrative body shall allocate enough time, budget and resources for this purpose and, where necessary, call on external experts.

For Publicly traded companies, listed companies, multinational companies, regulated companies, and state-owned enterprises, this Practice is replaced by another Practice specific to each of these categories of companies. See the sectoral annexes for these companies.

1.18. Board members' access to facilities and documents – All the members of the board of directors and its committees, including those who do not have management units, shall, as necessary, for the performance of their responsibilities and after informing the general manager, have quick access

- a. to the company's premises, and
- b. to any documentation necessary for their deliberations, without prejudice to confidentiality obligations.

The procedures in this respect are stated in internal acts and submitted to the board of directors for approval.

1.19. Board members' access to facilities and documents – When deemed necessary for the exercise of its responsibilities, the board of directors may give a mandate to one of its members or a member of its committees, including those who do not have management units, to directly enter contact with the management and staff. They may meet them without the general manager being present, making sure, except in exceptional circumstances, to inform the general manager of such meetings in advance. The modalities of the necessary interaction between the board and management and/or the staff are subject to rules and are supported by systems that provide rapid access to up-to-date information.

1.20. Quality and timeliness of information – Prior to any meeting of the board of directors or of a committee of the board of directors, all required documents are made available to their members in due time and at least fifteen working days prior to this meeting.

The deadline is specified in the internal rules of the board of directors. Any member of the board of directors who considers that he/she has not been put in a position to deliberate with full knowledge of the facts has the duty to inform the board and the power to demand the information necessary for the exercise of his/her mission.

1.21. Frequency and format of board meetings – The frequency of board meetings is determined according to the needs of the company, but the board of directors holds at least two meetings per year, the provisional dates of which are communicated during the last meeting of the previous financial year. The chairperson of the board shall ensure that the board has an annual work plan giving details about the decisions to be made and the topics to be addressed specifically and/or periodically. He/she shall also ensure that the calendar and the agenda of the next meetings enable the board to carry out all its responsibilities efficiently and on time.

1.22. Participation in board meetings – Persons who are not members of the board shall only participate in board meetings if invited by the board. The performance and remuneration of executive directors and members of management is discussed by the non-executive directors without the executive directors being present.

For regulated companies, this Practice is replaced by another Practice specific to these companies. See the sectoral annex for regulated companies.

1.23. Minutes of board meetings – The minutes of board meetings shall be made available to the board members at most thirty working days after the meeting. They shall be prepared in a clear manner and in accordance with the law and provide a list, in particular, of the names of directors present, represented or absent and of any other person who attended the meeting. They shall specify the results of any votes by name that may have taken place, and record any dissenting opinions expressed by the members.

1.24. The chairperson of the board – In addition to the specific duties set out in the document, the chairperson of the board of directors shall:

- a. ensure that the board and its committees operate well and that they have the resources, support and information they need to operate effectively;
- b. chair board meetings in a way that encourages open and constructive debate and collegial decision-making;
- c. maintain communication with the management and ensure they cooperate; and
- d. ensure the smooth and efficient running of the General Meeting of Shareholders.

1.25. Board Secretariat – Without being a member of the board of directors, the board Secretary

shall :

- a. serve as the secretariat of the board and its committees (convene meetings, organise meetings, draft minutes, etc.) while giving priority to digital communications;
- b. receive and forward to the board, reports made by board members about their activities as members of the board of directors or of the management of other companies,
- c. ensure that the board of directors adopts rules and regulations after consulting the general manager on matters involving the management and also guarantee that these rules and regulations are respected,
- d. advise the board of directors on governance issues,
- e. support all board members in the performance of their duties, and
- f. help the board and committees to function effectively.

1.26. Board members' liability insurance – The company shall have insurance to protect board members against the risk of civil liability incurred in the performance of their duties.

1.27. Annual evaluation of the board – At least once a year, the board of directors evaluates the membership and collective performance of the board of directors and its committees, as well as the individual performance of each of their members. This evaluation is either conducted by the Lead Director or by a committee of the board, whose majority of members are independent. This evaluation is conducted by external evaluators at least every three years. Discussions on the results of the evaluation are included in the agenda of the subsequent meeting of the board of directors. Information on the evaluation of the board and of the committees is included in the ESG report, indicating how this evaluation was carried out (for example, external evaluators) and the measures that have been or will be taken as a result of the evaluation.

1.28. Content of the board evaluation – This evaluation will determine, among other things:

- a. whether the standard profile of the board needs to be updated, particularly with regard to its size and membership, as well as that of its committees;
- b. whether it is appropriate to recommend the renewal of board members whose term of office is about to expire;
- c. whether the agenda of board meetings contains all the essential elements regarding the proper functioning of the company, and particularly the company's social and environmental responsibility, and if the board allocates enough time to these aspects in its deliberations;
- d. whether further changes can be made to improve the planning and conduct of meetings of the board and its committees, as well as the quality and relevance of their discussions; and
- e. whether the way they interact with the management needs to be changed.

Board of directors' committees

1.29. Number of committees of the board of directors – There can be as many specialised committees as necessary within the board of directors, depending on the size of the board of directors, the needs and the characteristics of the company, whose respective missions are decided by the board of directors. Shall be established at least one audit committee, which can also deal with risk issues; one nomination committee which may also deal with remuneration issues, and an ethics, social and environmental responsibility (SER) and governance committee. The board of directors may set up, from among its members, any other committee it deems useful to assist it in its activities, such as a committee separate from risks and compliance, The committees only include members of the board of directors, but may call on external expertise at the request of the committee chairman.

For Publicly traded companies, listed companies, multinational companies, regulated companies, and

state-owned enterprises, this Practice is replaced by another Practice specific to each of these categories of companies. See the sectoral annexes for these companies.

1.30. Skills, gender balance and cross-directorships of committee members – The board ensures that:

- a. the members of each committee have the necessary skills and training, as well as the required professional and practical experience, to carry out the committee's duties effectively;
- b. each gender shall be represented by at least one member in each of its committees;
- c. an executive board member of another company cannot be appointed as a member of a committee of the company if an board member of the company has been appointed as a member of a similar committee in that other company.

1.31. Number of members in each committee – Each committee shall have at least three members who shall all be non-executive members. The chairperson of each committee shall be an independent board member.

1.32. Rotation of committee chairs – Committee chairs shall be rotated periodically. In any case, the term of office of committee chairmen shall not exceed the term of office of directors.

1.33. Committee charters – Each committee shall have a charter specifying its functions and its operating procedures. Committee charters shall be approved by the board. They may be included into the board's rules and regulations or be subject to separate provisions. The charter of each committee is available on the company's website.

1.34. Frequency of committee meetings – Each committee meets as often as necessary to carry out its functions effectively and reports regularly to the board of directors on its activities.

1.35. Participation in committee meetings – Those who are not members of a committee shall participate in committee meetings only if invited by the committee.

1.36. Nomination committee – The main functions of the nomination committee shall be as follows:

- a. supervise the process of appointing board members to ensure that it is fair and transparent;
- b. for each vacancy on the Board, they shall participate in the role description, search for potential candidates, and recommend them to the Board;
- c. set independence criteria for board members and submit them to the board for approval; when searching for independent board members, test and confirm the independence of candidates; check if independent board members continue to fulfil the independence criteria during their term of office;
- d. ensure that potential candidates for the board are available, in terms of time;
- e. Develop succession plans for the renewal or replacement of board and committee members, after consultation with the chairperson of the board or the committee concerned;
- f. monitor progress towards achieving the targets for the percentage of gender balance on the board of directors and in the management;
- g. in consultation with the chairperson of the board of directors, assist in the selection process for the general manager and develop a succession plan for that post; ensure that the general manager has put in place succession plans for key management personnel;
- h. assist in setting up and updating the initial training process, the board integration process and the continuous training process for board members;
- i. in consultation with the chairperson of the board of directors, assist in the establishment and

- maintenance of performance evaluation processes for the board of directors and its members;
- j. ensure that the board of directors and its specialised committees operate effectively and submit periodic reports to the board;
 - k. propose to the board of directors, rules and regulations for the board of directors and a charter for the members of this board;
 - l. monitor the progressive compliance of the company's governance with the principles to be followed and practices to be adopted in this document;
 - m. participate in the writing of the annual report on the governance of the company, which reports on the activity of the board and its committees and proposes it to the board of directors for validation.

Functions (j) – (m) may be performed by a governance committee, different from the nomination committee.

For regulated companies, this Practice is replaced by another Practice specific to these companies. See [the sectoral annexes for regulated companies](#).

1.37. Remuneration committee - The main functions of the remuneration committee are as follows:

- a. recommend to the board of directors a remuneration policy for the members of the board of directors, which shall be submitted to the General Meeting of Shareholders for approval;
- b. recommend a remuneration policy for the members of the management to the board of directors for approval and guarantee that it does not push people to pursue other interests than those of the company ;
- c. recommend each year, to the board of directors the remuneration to be paid to the general manager, based on the criteria adopted by the board of directors in the remuneration policy for the members of the management.

1.38. Ethics, SER and governance committee - The main functions of the ethics, SER and governance committee are as follows:

- a. ensure that an effective system for managing conflicts of interest is in place;
- b. ensure the adequacy, implementation and evaluation of the code of ethics and professional conduct;
- c. ensure that the company has the necessary means and procedures to prevent, reveal, analyse, eliminate and, if necessary, sanction violations of the code of ethics and professional conduct;
- d. ensure the effectiveness of the functioning of the board of directors and its specialised committees and report periodically to the board of directors;
- e. to propose internal rules of procedure for the board of directors and a directors' charter to the board of directors and to revise them as necessary;
- f. monitoring the gradual compliance of the company's governance with the principles to be followed and the practices to be implemented in this document;
- g. participate in the preparation of the annual report on corporate governance, which reports in particular on the activity of the board and its committees, its interactions with the general management and the shareholders, and propose it to the board of directors for validation
- h. periodically review the company's strategy and ensure that it encompasses diversity, social inclusion and environmental protection;
- i. discuss environmental and social issues relevant to the company and present them to the board of directors;
- j. ensure that corporate social and environmental responsibility is properly integrated into the strategy, including day-to-day operations;

- k. review the risks to the company (physical, transitory and litigation) related to the company's social and environmental approach;
- l. assess the company's compliance with its values, mission, purpose and established culture; if necessary, design or review/adapt them;
- m. to be informed and to issue opinions on the compliance aspects of the company dealt with or submitted by those responsible for these functions;
- n. to establish, verify and revise, as appropriate, the company's relationship policy and practices with all stakeholders;
- o. ensure that shareholders' rights are respected, that they are treated fairly and that general meetings are properly organised and held;
- p. keep the board informed on matters relating to its functions, including non-financial disclosure; and
- q. oversee and report on the implementation of the policy.

1.39. Role of the audit committee – The main functions of the audit committee are as follows:

- a. monitor the integrity and completeness of the company's financial statements and accounting policies and those of any official communication relating to the company's financial performance;
- b. in the case where the company is the controlling company in a group that includes one or more controlled companies, examine the scope of the consolidated companies and, if applicable, its changes from one period to the other, and assess the reasons for excluding non-consolidated companies;
- c. ensure the quality of the financial and non-financial information produced by the company and provided to the members of the board of directors;
- d. examine the procedures for the planning and processing of financial and non-financial accounting information;
- e. examine significant off-balance sheet commitments;
- f. advising the board of directors on the overall strategy for current and future risks;
- g. examine the strategies, policies, procedures and systems for identifying, managing and monitoring the risks of the company and ensure that they are effective; listen to those responsible for risk management and give their opinion on the organisation of their services;
- h. guarantee that the level of risk taken by the company is consistent with its risk appetite policy;
- i. ensure the independence of the internal audit unit and the adequacy of the procedures it uses as well as the resources at its disposal;
- j. ensure the suitability, independence and effectiveness of the auditor(s) and the quality of their services; and
- k. recommend the necessary investigations, controls or audits of various kinds and monitor the implementation of the subsequent recommendations;
- l. monitor the implementation of the safeguard measures as identified or recommended by the statutory auditors or internal audit.

Depending on the size and risk profile of the company, a separate risk committee may be established to deal with (g) and (h) above.

1.40. Audit committee, annual review of risk management and internal control systems – At least once a year, the audit committee shall present to the board of directors and the management, its conclusions and recommendations on the effectiveness of the risk management and internal control systems as a whole.

1.41. Audit committee, internal audit and risk control – The audit committee shall discuss and agree with the internal audit unit on an annual work programme that gives priority to the review

of controls over the risks to which the company is most exposed. It reviews the results and reports of the internal audit unit and monitors the implementation of its recommendations. It ensures that the internal audit unit submits an annual statement on the effectiveness of risk management and internal control, and on the suitability of the methods, processes and resources implemented. The audit committee and the internal audit unit shall meet as often as necessary, without the presence of management, to discuss audit assignments and their results.

1.42. Audit committee, heads of internal audit and risk management units – Through recommendations to the board of directors, the audit committee is involved in the procedure for appointing or dismissing the heads of internal audit and risk management units to the board of directors.

1.43. Audit committee, whistleblowing monitoring – Unless such monitoring is carried out by the board of directors or a separate committee, the audit committee also monitors the execution of whistleblowing procedures.

1.44. The role of the audit committee as regards the statutory auditors – As far as statutory auditors are concerned, the role of the audit committee is to:

- a. make recommendations to the board of directors concerning the choice or renewal of the statutory auditors, the terms of their nomination and the duration of their mandate, the amount of their fees and the strict observance of the non-cumulation of statutory audit assignments and other legal assignments agreed upon with advisory assignments;
- b. discuss the auditors' annual work programme, which outlines the scope and importance of the activities to be audited, and based on its own perception of the issues to be covered;
- c. when necessary, and as often as required, including without the presence of the management, meet with the auditors to discuss the results of the audits they performed;
- d. ensure that the auditors are independent and unbiased, and monitor any incompatibilities that may arise during the year; and
- e. If an auditor resigns, prepare a written explanation along with the auditor's letter of resignation, and submit it to the board of directors for transmission to the General Meeting of Shareholders.

CHAPTER 2: MANAGEMENT

The management shall have the most extensive powers to act in all circumstances on behalf of the company, which it shall legally represent vis-à-vis third parties.

It must have the necessary skills, experience and integrity to carry out its duties. The way responsibilities are shared among its members and the way decisions are taken must be clear and transparent.

Principles of good governance

As with the previous chapter, it is worth referring to the **Principles** set out in the General Code, as they are all, in varying degrees, relevant in this regard. In fact, the management should:

- be appointed according to their **skills, integrity and impartiality**, which they will endeavour to maintain and develop throughout their mandate;
- respect the principle of **collegiality** in their exchanges within the company and with stakeholders;
- be constantly guided in their decision-making by the principles of **sustainability** of the company, **equity** and **inclusion**; and
- scrupulously respect their obligations of **accountability** and **transparency**.

Precepts of good governance

2.A. Management of the company – The management runs the company in accordance with the strategy and policies approved by the board.

2.B. Competence of the members of the management – The board of directors shall ensure that the members of management collectively and individually have the qualities and qualifications necessary for the proper management of the company and its long-term success.

2.C. Control Panel – Management shall set up a control panel which shall include indicators adapted to the activities and risks of the company and shall make it possible to determine, as often as necessary, whether its results are in line with its strategy in the commercial, financial and organisational fields, and, where appropriate, in the social and environmental fields.

2.D. Delegation of responsibilities – Management shall formalise the delegation of responsibilities to staff members and establish a management structure that encourages responsibility, accountability and transparency within the whole organisation. This

delegation of responsibilities is approved by the board of directors.

2.E. Interaction between the management and the board of directors – There shall be a close and regular interaction between the management and the board of directors, without prejudice to their respective roles, whose modalities are regulated and supported by systems of communication and dissemination of information.

2.F. Access to information – Management shall provide the board of directors with the information it will need to exercise its responsibilities, supervise the management and assess its performance. Management shall promptly respond to requests for information which the board of directors may deem necessary to fulfil its duties.

Practices of good governance

2.1. Duties of the general manager – The general manager shall have the following duties:

- a. initiate and lead, under the control of the board of directors, the development of the company's strategy, its financing and operational implementation plans and its multi-year plan, and submit them for examination and approval to the board of directors;
- b. prepare the company's budget and implement it after approval by the board of directors;
- c. design a policy defining the company's risk appetite, that is, the nature and extent of the risks the company is willing to take to achieve its long-term strategic objectives; implement it after approval by the board of directors;
- d. manage the company's activities and resources in accordance with its strategy and risk appetite policy and in compliance with the policy of social and environmental responsibility;
- e. participate in the promotion of the company's culture and ethics;
- f. appoint, after prior approval by the management board, members of the management and name other members of staff;
- g. lay down the company's internal working procedures; put in place succession plans for key management personnel;
- h. design and implement effective risk management and internal control systems; establish the internal audit unit and the appropriate procedures to facilitate external audit;
- i. maintain a constructive relationship with the board,
- j. maintain a dialogue with stakeholders and hold regular meetings with them; and
- k. if the company is the controlling company in a group comprising one or more controlled companies, supervise the activities of the companies in the group and put in place the rules defining the responsibilities and reporting obligations of the parent company and the subsidiaries.

2.2. Interaction between management and the board of directors - The board of directors ensures that management has sufficient room for manoeuvre to implement the strategic and budgetary orientations as approved by the board of directors.

2.3. Qualifications of the members of the management – Under the supervision of the board of directors ensure that the members of the management team have, at the time of their nomination and throughout their term of office, the necessary training, skills, professional and practical experience and integrity to enable them to perform their duties effectively, in the interest of the company.

2.4. Gender diversity within management – The board of directors sets gender a diversity

objective for management, which is intended to be achieved in stages over the following five years. The general manager informs the board of directors annually of the progress the target set, the measures taken to achieve it and the progress made are made public in the company's annual report.

2.5. Evaluation of management - The board should regularly and at least annually evaluate the performance of the general manager on the basis of objective evaluation criteria (financial and non-financial), including the quality of his or her interaction with stakeholders (employees, shareholders, investors). Stakeholder feedback on the general managers performance should be an integral part of the evaluation process.

2.6. Number of terms of office of the general manager - The general manager shall not hold more than one corporate mandate in other companies, including foreign companies. In case the company is part of a group made up of a controlling company and one or more controlled companies, these conditions do not apply to the companies in the group, provided that the appointee is able to devote the necessary commitment and time to the exercise of each of his or her mandates within the group.

2.7. Regular reports from the general manager to the board - The general manager prepares and submits to the board of directors and the relevant committees exhaustive, reliable and accurate financial statements, prepared in accordance with the accounting standards and rules in force; he/she reports regularly to the board of directors on the company's operational performance, its financial situation, its main financial and non-financial risks, the challenges he/she anticipates for the company and the content of the dialogue undertaken with the shareholders and other stakeholders. The modalities and frequency of these reports shall be validated by the board of directors and the general manager and appropriate systems shall be put in place.

2.8. Annual assessment of modalities of interaction between the board and the management - At least once a year, the board assesses the effectiveness of the modalities of interaction between the board and management, as well as the suitability of the support and information it receives from the management.

For state-owned enterprises, this Practice is replaced by another specific Practice for these companies. See the sectoral annex for state-owned enterprises.

2.9. Exceptional circumstances - If an event occurs or seems likely to occur, and may compromise the company's performance, financial situation or reputation, the management shall immediately notify the board of directors.

CHAPTER 3: CONTROL AND RISK MANAGEMENT

The ability to determine and achieve strategic goals, seize new opportunities and ensure sustainable value creation depends on the company's ability to identify, understand and confront the risks to which it is or will be exposed.

The board of directors and the management shall put in place effective structures, policies and procedures to identify, report, manage and monitor the significant risks faced by the company through effective controls. The absence of such controls can lead to serious consequences for the company.

Risk management, internal control, compliance and internal audit are integrated into the company's strategy, business model and governance processes to enable it to achieve its objectives and control its operations.

Principles of good governance

For this chapter on internal control and risk management operations, the most relevant General Code principles are those concerning:

- the **skills** that those responsible for these operations will need to have at the time of their nomination and maintain thereafter;
- the principles of **impartiality, fairness, integrity** and **transparency** which shall, in all circumstances, guide the actions of those performing these duties;
- the **accountability** of the board and management, an obligation these governing bodies will necessarily be subject to;
- the **sustainability** of the company, the ultimate goal to which these operations will contribute, by enabling the administrative and management bodies to identify and confront the risks to which the company is or will be exposed.

Precepts of good governance

Risk and opportunities

3.A. Risk identification - At regular intervals, the company identifies strategic, financial, operational, organisational and social risks as well as external risks such as changes in economic, environmental or political circumstances or technological developments (e.g. information security, competitive threats with new business models).

3.B. Level of risk - The board of directors assesses and approves the level of risk that the company is willing to take to achieve its strategic objectives.

Risk and control

3.C. Risk management framework – The board of directors shall approve the risk management, internal control, compliance and internal audit framework proposed by the management, while ensuring that it is adapted to the size and/or complexity of the company, as well as to its needs and risks to which it is or will be exposed. It shall regularly monitor their suitability and implementation.

3.D. The three lines model - The company applies the three-line model. The three-line model is a way of organising internal control that places responsibility for risk management on several functions rather than just one, thereby strengthening the company's ability to deal with these risks. To be effective, a company's governance system should clearly assign responsibilities incumbent to each function:

- On the first line are the operations functions, which are responsible for implementing procedures and processes to identify risks;
- In the second line are the risk management, internal control and compliance functions providing complementary expertise, assistance and monitoring of the effectiveness of risk management and compliance;
- Thirdly, there is the internal audit function, independent of the first two, which is responsible for providing independent and objective assurance and advice on the adequacy and effectiveness of risk governance and management.

The board of directors regularly monitors the proper functioning of this system.

For regulated companies, this Practice is replaced by another Practice specific to these companies. See the sectoral annex for regulated companies.

3.E. Independence of functions - The board of directors regularly monitors the independence and effectiveness of the risk management, internal control, compliance and internal audit functions as well as the performance of external audit assignments.

Innovation and risk identification

3. F. Technology watch – In order to remain competitive, the company shall guarantee the prevention of obsolescence of its business model, tools and systems. The board of directors also ensures that it creates a framework and culture that encourages innovation, integrates it into its strategy and reflects the most relevant research and development results in its business model.

For state-owned enterprises, this Practice is replaced by another specific Practice for these companies. See the sectoral annex for state-owned enterprises.

Practices of good governance

Risk and opportunity

3.1. Risk appetite policy – After approval by the board of directors, the Directorate General shall design and implement a policy defining the company's risk appetite. To this end, the general manager shall:

- a. identify the main financial, operational, reputational and external risks related to the achievement of the company's strategy and the maintenance of its activities;
- b. establish and maintain the risk management and internal control systems necessary to adequately detect and mitigate these risks; and
- c. regularly report on the status of the main risks to the board of directors.

Risk and control

3.2. Risk management – The company shall have reliable procedures to identify, monitor and evaluate its commitments and an effective risk management system, which shall be appropriate to the company's objectives and the size and scope of its activities. The system shall cover the financial, operational and reputational risks faced by the company, including the risk of business interruption, as well as external risks. It shall include processes to ensure that risks are reliably identified, evaluated, addressed, documented and monitored. The company shall clearly identify the internal operation(s) responsible for the ongoing suitability of the risk management system. They shall work in close collaboration with the audit committee or the Risk committee if it exists separately. The heads of these functions shall report directly to the chairperson of the board of directors and to the chairperson of the audit committee if one exists separately. The board of directors shall regularly monitor all of the above.

3.3. Internal audit – The company shall have an internal audit unit in charge of overseeing the effectiveness of control systems, including risk management, and appropriate to the size and/or complexity of the company. The audit committee shall ensure that the internal audit unit has the necessary skills and resources to carry out its mission and the possibility, when necessary, to call upon external specialists. The tasks and operating procedures of the internal audit unit are laid down in a charter.

3.4. Evaluation of the internal control system – The board of directors shall ensure that the internal audit unit regularly carries out an evaluation of the suitability and effectiveness of the internal control system at least once a year. A report highlighting the shortcomings identified shall be submitted to the board of directors.

For regulated companies, this Practice is replaced by another Practice specific to these companies. See [the sectoral annex for regulated companies](#).

3.5. Auditors – Pursuant to the conditions laid down by law, the company must have appointed one or more auditors who audit its financial statements annually⁴. The audit committee shall ensure its independence prior to its nomination and at least once a year.

3.6. Procedures in the event of a crisis – The general manager shall draw up and submit to the

⁴ The methods for the selection of auditors, their responsibilities as well as the criteria for incompatibility are set out in the OHADA Uniform Act of 30 January 2014 on the law of commercial companies and economic interest groups (Articles 695, 696 and 880).

approval of the board of directors, a policy defining all the modes of organisation, techniques and means which must enable the company to prepare for and deal with a potential crisis. The board shall ensure that this policy is regularly tested and updated.

3.7. Business continuity plan - The company has a business continuity plan to ensure the continued operation of the company and to limit losses in the event of disruptions due to major events related to operational risks. This plan is approved by the board of directors.

3.8. Recovery plan - The company prepares a recovery plan based on extreme but plausible crisis scenarios. This recovery plan is approved by the board of directors and updated annually by management.

CHAPTER 4: REMUNERATION

Incentive remuneration policies of management and staff can have a significant impact on their conduct and performance. Particular attention should be paid to the design of remuneration policies (which must include performance evaluation procedures) and to their implementation.

Remuneration policies should be fair and encourage individuals to act within their responsibilities and in the best interests of the company in the long-term. The targets against which performance bonuses shall be paid should be structured in such a way that they will not be tempted to take excessive risks or risks incompatible with the company's strategy, or to behave unethically.

Principles of good governance

In this respect, the most relevant **Principles** of the General Code are those concerning:

- the **sustainability** of the company, which requires a long-term vision in the distribution of rewards and trade-offs between the short and long-term;
- **equity, integrity, collegiality** and **inclusion**, which require that those who have contributed to the success of the enterprise be remunerated in a manner proportional to their contribution; and
- accountability and **transparency**, which require the dissemination of enough information to enable stakeholders to judge the fairness and justice of the distribution of the fruits of success.

Precepts of good governance

Remuneration transparency

4.A. Formalisation and content of remuneration policies – The board shall guarantee that there are formalised remuneration policies, which apply to its members and management. These policies are intended to:

- Attract and retain the necessary talents, and reward them based on the success and integrity of the company's operations;
- Promote the achievement of strategic objectives consistent with the level of risk the company is willing to take and its standards of conduct;
- Promote the creation of sustainable value in the company that is consistent with the long-term interests of the company.

Remuneration policy for management

4.B. Board remuneration policy – The remuneration policy of the board of directors shall avoid linking the remuneration of its members to the performance of the company in a way that could compromise their independence and objectivity. It shall set remuneration levels that reflect the responsibilities of each board member’s position and his or her individual commitment in relation to the time spent in that position, including on a board committee.

Management remuneration

4.C. Management remuneration policy – The management remuneration policy shall describe the different components of the remuneration of its members and set an appropriate balance between fixed and variable remuneration and between cash and deferred remuneration. It shall list the key performance indicators to be taken into account when determining the variable part of this remuneration. The targets against which management performance bonuses shall be paid should be designed in a way to ensure that the management is not tempted to take risks that are excessive or inconsistent with the company’s strategy, culture, values and ethics.

Employee incentives

4.D. Employee incentive policy - The board of directors shall consider on a regular basis, and at least once a year, the appropriateness of developing an employee incentive policy aimed at motivating and retaining employees by linking them financially to the results or performance of the company.

Practices of good governance

Remuneration transparency

4.1. Remuneration policies – The company’s remuneration policies shall be designed to achieve the following objectives:

- a. attract, reward and retain the necessary talents;
- b. promote the achievement of strategic objectives consistent with the level of risk the company is willing to take and its standards of conduct (or: principles of integrity);
- c. promote the long-term interests of the company and the creation of sustainable value.

4.2. Principles of remuneration policies – The company’s remuneration policies shall take the following principles into account: intelligibility and completeness of the rules, balance between the elements of remuneration, coherence within the company, comparability in relation to the profession and the reference market, consideration of the company’s general interest.

4.3. Elements of remuneration policies – Remuneration policies that provide for variable remuneration elements stipulate that these elements:

- a. are subject to predetermined and measurable performance criteria and are calculated over sufficiently long periods of time to ensure that these criteria have actually been met,
- b. promote the long-term interests of the company and include non-financial criteria that are relevant to sustainable value creation, and
- c. focus on achieving a balance between the achievement of short, medium and long-term

objectives.

4.4. Approval of remuneration policies – Remuneration policies shall be prepared in accordance with applicable legal requirements and approved by the board of directors.

4.5. Information on the remuneration policy for members of the board of directors and the management – The remuneration policy for members of the board of directors and the management shall be made available to the shareholders.

For publicly traded companies, listed companies, multinational companies and regulated companies, this Practice is replaced by another Practice specific to each of these categories of companies. See the sectoral annexes for these companies.

Board remuneration

4.6. Relativity of board of directors' remuneration – The levels of remuneration for the chairperson of the board of directors and other board members shall reflect the responsibilities of their position and their commitment with respect to the time spent in that position, including in a committee of the board of directors.

4.7. Remuneration of non-executive members of the board of directors – The remuneration of non-executive members of the board of directors shall not include variable elements or other elements related to the performance of the company. However, it may provide that part of the remuneration be paid in the form of shares of the company. In this case, the beneficiary is prohibited from using these shares less than one year after the non-executive director has left the board and less than three years after the grant of these shares.

Executive remuneration

4.8. Components of management remuneration – The remuneration policy of the management describes the different components of their remuneration and sets an appropriate balance between fixed and variable remuneration and cash and deferred remuneration.

For listed companies and multinational companies, this Practice is replaced by another Practice specific to these companies. See the sectoral annexes for publicly traded, listed and multinational companies.

4.9. Management remuneration levels, performance indicators – The management remuneration policy shall set out the remuneration levels and key performance indicators to be taken into account when determining the variable part of this remuneration. It shall consider the company's strategy, its risk appetite policy, the economic environment in which the company operates, as well as staff remuneration and working conditions in the company. This remuneration shall be based on a clear and predictable pattern.

4.10. Variable remuneration of management – When the company grants a short-term variable remuneration to a member of management, it is based on clear criteria and is capped.

4.11. Decisions on the remuneration of the management – In the absence of the management, and based on the recommendations of the remuneration committee and in accordance with the remuneration policy, the board of directors shall determine the annual remuneration of the general manager and any other member of the management who is a corporate officer. It shall also give reasons for its decisions.

Employee incentives

4.12. Employee incentive policies - In order to increase the company's performance and the staff's involvement in the life of the company, staff empowerment and incentive practices and, where appropriate, a staff participation or profit-sharing policy have been put in place in consultation with employee representative organisations, covering :

- a. the criteria for applicability ;
- b. the profit-sharing arrangements adopted; and
- c. the methods for calculating and distributing the incentive; and
- d. the procedures for resolving any disputes.

CHAPTER 5: CULTURE, VALUES AND ETHICS

In every company, a culture which is based on a set of principles, conduct and signs or symbols is created. It gives the company its own identity, enables it to stand out from its competitors and serves as a guide to support its long-term strategy.

It is essential that the company recognises the existence of this culture and, where appropriate, that the management works to promote values and ethics that will be conducive to its growth and the welfare of its employees and the wider community.

The moral, social or economic values to which the company should aspire, such as honesty, integrity, creativity, benevolence, cross-culture and respect for the environment, should be promoted through the dissemination and publication of a charter of values or a code of conduct. The company shall indicate the kind of conduct it will not tolerate, whether illegal or not in accordance with its principles and activities, or likely to affect the image of the company or its interests.

Principles of good governance

The most relevant **Principles** of the General Code for this chapter are those concerning:

- collegiality, the basic value which must govern meetings and exchanges in the company;
- integrity, **which must be practised by everyone in the company but also in the company's relations with its stakeholders and third parties;**
- **equity and inclusion**, which prohibits undue discrimination and justifies the adoption of policies to ensure equal opportunities in the life of the company;
- transparency **which makes it necessary to investigate, reveal and, if necessary, sanction faults and misconduct committed in the company.**

Precepts of good governance

Culture and values

5.A Corporate culture – The board of directors and the management shall ensure that the corporate culture reflects the values it supports and those to which it aspires in the medium and long-term. They shall ensure that the necessary measures are taken to this effect and that the incentive mechanisms are consistent with this culture.

5.B. Charter of values – The values which the company supports and to which it aspires are the subject of a charter that shall be widely disseminated within the company.

Ethics and deontology

5. C. Code of ethics and deontology – The rules of ethical conduct to be observed by members of the board of directors, management and staff in the pursuit of their activities on behalf of the company shall be the subject of a Code of ethics and deontology. The board members and the management shall set an example for all the staff through their conduct.

5. D. Whistleblowing – The company shall have a whistleblowing procedure that enables everyone in the company and even third parties to report, without fear of reprisal, actual or suspected violations of the law or the company's Code of ethics and deontology. This procedure shall be published on the company's website.

Identification, management and prevention of conflicts of interest

5. E. Managing conflicts of interest – No one in the company shall be allowed to make decisions based on their personal interests or those related to them. A policy for managing conflicts of interest shall be adopted by the board of directors and widely disseminated in the company.

5. F. Related-party transactions – Material transactions between the company and one of its officials or some of its shareholders, known as related-party transactions, shall be subject to rigorous analysis, authorisation and accountability procedures.

Practices of good governance

Culture and Values

5.1 Values – The company's values shall promote the preservation of a stimulating and fair working environment within the company, as well as respect for human rights and cultural diversity within the company and in its relationship with third parties. These values shall be set out in a charter approved by the board of directors and widely communicated within the company. The members of the board of directors and the management shall explicitly adopt and promote it by setting an example for all the staff through their conduct.

5.2. Corporate culture – The board of directors shall ensure that the company's culture, its values, its organisation and its method of decision-making are consistent with its strategy and reinforce its reputation.

Ethics and deontology

5.3. Code of ethics and deontology – The board of directors, by the proposal of the general manager, shall adopt a Code of ethics and deontology which they themselves, the management, the staff and other persons acting on behalf of the company shall observe. This Code of conduct shall include :

- a. the prohibition, in the pursuit of the company's business, of any attempt or practice of active or passive corruption, money laundering, financing of terrorism, counterfeiting or violation of industrial property rights, anti-competitive practices (such as price-fixing among several companies) or unauthorised or illegal use of personal data; The board of directors shall ensure the implementation of this Code of conduct, its dissemination within the company, publication on the company's website, application and regular updating.

- b. strict rules on gifts, invitations, donations, sponsorship and patronage; and
- c. sanctions for violations of the Code of Ethics and Professional Conduct.

5.4. Detection of violations of the law or the Code of ethics and deontology – To combat actual or suspected violations of the law or the company's Code of ethics and deontology, there shall be a system under the control of the board of directors which includes:

- a. a mapping of the risks of corruption, financing of terrorism, counterfeiting or violation of industrial property rights, anti-competitive practices or unauthorised or illegal use of personal data;
- b. a training mechanism for the staff members most exposed to these risks and measures to prevent these risks ;
- c. an effective anti-corruption and prevention policy for all stakeholders of the company, to be calibrated to the characteristics of the company and published on its website; and
- d. a whistleblowing system that allows staff and third parties to confidentially report issues they may suspect unethical or illegal practices and protect them from retaliation. A description of these procedures is available on the company's website.

At least once a year, the board of directors should review the effectiveness of the system.

Identification, management and prevention of conflicts of interest

5.5. Managing conflicts of interest policy – no member of the board or management is allowed to make or support decisions that favour his or her personal interests or those persons associated with him or her. A conflict-of-interest policy, approved by the board of directors, is available on the company's website.

For state-owned enterprises, this practice is replaced by another practice specific to these companies. [See the sectoral annex for state-owned enterprises.](#)

5.6. Suspected conflict of interest – any member of the board of directors or the executive board who has reason to believe that another member of the board of directors or the executive board has failed to declare an existing or potential conflict of interest is required to inform the chairperson of the board of directors. In the use of the chairperson of the board of directors, he or she should inform the deputy chairperson of the board of directors. If it is the chairperson of the board, he or she should inform the Lead Director.

5.7. Conflicts of interest register the administration organ holds a register of all notifications related to conflicts of interest concerning its members. Conflicts of interest concerning staff and management are recorded by Human Resources.

5.8. Procedures related to related-party transactions – the board of directors ensure that the procedures are implemented so as to categorise, identify, evaluate, approve and declare the material transactions between the enterprise and one of its officials or some shareholders, the related-party transactions, according to the law, to norms binding the enterprise. Every transaction is material when it does not abide by the normal framework established by the company under normal conditions for current operations, whose cost is lower than the fixed amount by the board of directors, if applicable. The audit committee examines the effectiveness of procedures at least once a year.

5.9. Prerequisite approval of related-party transactions – No material transaction between the enterprise and a member of the board of directors or of the company or a shareholder having,

directly or indirectly, more than 10% of the capital of the company or its right to vote (or an associated person) is not carried out without consulting beforehand the audit committee and the board of directors, according to the modalities below :

- a. the real value of every material transaction is confirmed before the approbation of the convention by an independent expert selected by the audit committee; and
- b. the approval of related-party transactions by the board of directors is done on an transaction-by-transaction basis.



CHAPTER 6: DISSEMINATION OF INFORMATION

All the company's stakeholders, including shareholders and potential investors, employees and clients need access to exhaustive, regular and reliable information about the company to assess its leadership, solidity and performance.

Insufficient, irregular or opaque information available to them undermines the fair treatment of shareholders and can cost the company the support of some shareholders and the arrival of new investors.

Information dissemination and transparency are also necessary to maintain the interest and goodwill of other stakeholders, such as employees or clients, whose continuity is essential to the company's long-term success and good reputation.

Principles of good governance

For information dissemination, the most pertinent **Principles** of the General Code are:

- the **sustainability** of the company which requires periodic provision of information on the company's operations and results to maintain the interest of its shareholders to attract new investors and keep the company's stakeholders informed;
- **Equity** which requires that the third parties in comparable situations be treated in an equal manner;
- **Accountability** which requires company officials to provide all stakeholders and regulators with the information they need to fulfil their role;
- **Transparency** which requires that corporate communication be accurate, complete and timely.

Precepts of good governance

6.A. Publicity of information – through the website, the company shall ensure that regularly updated information is made public on the following:

- a. Its purpose and activities,
- b. Its shareholders and their voting rights,
- c. Its governance, and members of its board of directors, board committees and management,
- d. Its financial, non-financial and operational performance and any other material information that contributes to an understanding of that performance.
- e. The risks to which it is exposed and the measures taken to control these risks,
- f. Its remuneration and dividend policies.

6.B. Accuracy and integrity of information – the board of directors and management jointly ensure the accuracy and integrity of the financial and non-financial information published by the company and the timeliness and regularity of statements and filing.

6.C. Timeliness of information dissemination – the board of directors and management shall jointly ensure that the dissemination of financial and non-financial information is timely so as to reach recipients at the time they need the information.

Practices of good governance

6.1. Use of digital tools, website – the possibility of using digital tools to secure, facilitate and monitor information is periodically reviewed by the board.

The company should preferably use a website, in French and English as the primary means of disseminating information that may be of interest to shareholders, investors and other stakeholders, including information that the company is required to disseminate by law, its own bylaws and the contents of this document.

The company regularly classifies, updates and archives the information on the website for a minimum period of 5 years in accordance with procedures aimed at ensuring its constant accuracy and traceability.

Particularly, the following are available on the company's website:

- a. The agenda of major company events, such as meeting dates of shareholders; and
- b. Corporate public communication in situations of crisis ;

6.2. Information made available to the public – information that is available to the public includes:

- a. The company's bylaws and other internal acts and documents which this document requires to be made available;
- b. Non-confidential financial documents and those whose publication is mandatory or necessary such as management reports;
- c. The company's social and environmental responsibility (SER) policy, and
- d. The company's Code of conduct and approach to whistleblowing.

6.3. Accuracy and integrity of information – the board of directors and management shall ensure the accuracy and integrity of the financial and non-financial information published by the company and the punctuality of communication publications, declaration and filing in accordance with the requirements of applicable law and regulations. They regularly ensure that the information on the website is kept up to date and remains readily available.

6.4. ESG Report – in addition to the information that companies are required to disclose by law and regulation, the ESG report shall include:

- a. A list of the members of the board of directors and its committees ;

- b. Information on other directorships of board members and management in a group company (where the company is part of a group comprising a controlling company and one or more controlled companies) and in any other company;
- c. the main responsibilities and operating procedures of the board and its committees;
- d. the report on the board and each of its committees including an indication of the number of meetings held during the year and statistics on the participation of each member in these meetings;
- e. The gender equality policies applied to the board, its committees and the management as well as the objectives of these policies, the way they are implemented, the results obtained during the past financial year, including if applicable, the reason why the objectives were not achieved and the measures taken to remedy them;
- f. The results of the board's evaluation of its own effectiveness; and
- g. The company's annual governance review, stating the company's level of compliance with each of the precepts and/or practice set out in this document and, where there is non-compliance and the prospects for future compliance.
- h. The mechanisms for employee involvement and consultation and their effectiveness;
- i. The social climate within the company based on employee feedback; and
- j. The concrete actions implemented in the context of the implementation of the company's social and environmental responsibility (SER) policy.

For state-owned enterprises, this practice is replaced by another specific practice to these companies. See the annex specific to state-owned enterprises.



CHAPTER 7: RESPECT OF SHAREHOLDERS AND THEIR RIGHTS

The obligation to act in long-term interest of the company requires that the board and management take into account the views of all shareholders when making decisions, as well as the impact of those decisions on the shareholders and on the company's ability to achieve its long-term objectives. It is therefore important to ensure that all shareholders, regardless of the share size and origin of their shareholding, have an equal opportunity to access information, engage in discussion with the company and express their views by voting at the general meeting.

Principles of good governance

The most pertinent **Principles** of good governance in this domain are:

- **Sustainability** of the company, which requires that shareholders be kept informed by providing them with all necessary information relating to the company's operations and results, and to the risks with which it is or will be confronted ;
- **Equity** which requires that all shareholders be treated equally regardless of their nationality or the size of their participation ;
- **Accountability** which requires company officials to report to shareholders periodically and in a timely manner ;
- **Transparency** which requires that corporate communication to shareholders be accurate complete and timely.

Precepts of good governance

7.A. Fair treatment of shareholders – the company takes steps to ensure that all shareholders, including minority and non-resident shareholders,

- a. Are treated equally and fairly,
- b. Have easy simultaneous and non-discriminatory access to information by means of an intranet site for shareholders where relevant information would be accessible, and
- c. Are provided with transparent information (in particular on any transaction between the company and any of its shareholders or members of its board or management) .

7.B. Prevention of undue use of majority powers– the company avoids practices such as double voting rights, non-voting preference shares, investment certificates and any other arrangements that give certain shareholders a disproportionate controlling relation to their shareholding.

7.C. Dividend Policy – the company's dividend policy should be based on the impact it may have on its capital structure, future growth and value to creditors and shareholders.

Practices of good governance

7.1. Equal access to information for shareholders – the board of directors and Management shall jointly ensure that all shareholders, regardless of the number and class of shares they hold,

- a. Are able to exercise their rights ;
- b. Can easily participate in the general meetings of shareholders by removing any obstacle to their participation ;
- c. Are informed of the remedies available to them in the event of a violation of their rights.

7.2. Consideration of minority shareholders' concerns – the company has formal mechanisms in place that effectively allows minority shareholders to table issues directly with the chairperson of the board. Details of how these mechanisms work are available to shareholders on the company's website.

7.3. Proxy voting and electronic voting –All shareholders are given the opportunity to vote by proxy without restriction; except as permitted by the laws, regulations and other instruments applicable to it. Electronic voting is recommended and presupposes that adequate paperless systems are in place within the company. The general shareholders' meeting documents provide an explanation of the different ways in which shareholders can exercise their voting rights.

7.4. Rights of shareholders in relation to general shareholders' meeting – neither the company's bylaws nor any decision of the general shareholders' meeting or the board of directors shall limit the right of shareholders to request the convening of, or to participate in, a general shareholders' meetings or to request the inclusion of items on the agenda, except as otherwise provided by law, regulation or other legislation applicable to the company.

7.5. Notification and content of the notice – the company shall ensure that the notice of the general shareholders' meeting is issued no later than thirty days before the date of the meeting. At the same time, the agenda, draft resolutions and other documents required for the meeting are available on the company's internal and external websites.

7.6. The presence of members of the board and management in general assemblies – the chairperson of the board, chairpersons of the board committees and the general manager attend general meetings of shareholders and are available to answer questions from shareholders. The statutory auditors attend the general shareholders' meeting at which the financial reports are presented.

7.7. Availability of the results of the general meetings – the decisions of the general shareholders' meetings are available on the company's intranet website within fifteen days of the meeting.



CHAPTER 8: STAKEHOLDER ENGAGEMENT

In addition to the shareholders, the company's stakeholders include its employees, customers, suppliers, bank and financiers, as well as public and local authorities. They can have an interest in the company's activities. Regular engagement with these stakeholders can help the company understand their views and concerns and provide an opportunity to explain the company's position in a positive manner.

Principles of good governance

The most relevant **Principles** of good governance to the company's stakeholder engagement are:

- Corporate **sustainability**, which requires an understanding of the company's business, ecological, economical, financial, legal and political environment to enable it to frame its opportunities and risks, define its strategy and clarify its responsibilities;
- **Integrity**, which must be practiced in the company's relationship with its stakeholders;
- **Equity**, which prohibits undue discrimination and justifies the adoption of policies to ensure equal opportunities in the relationship of stakeholders with the company ; and inclusion, which seeks to widen the scope of the company's stakeholders; **and**
- **transparency** which, without forcing the disclosure of information that could harm the company's competitive position, makes it possible to establish relationships of trust, which are essential for the company's long-term success.

Precepts of good governance

8.A. Social and Environmental corporate Responsibility (SER) – the board of directors ensures that a mapping of stakeholders, their concerns and the impact and importance of stakeholders on the company is developed. On this basis, management develops a SER policy approved by the board that specifies how the social and environmental impact of the company's activities is assessed, how the resulting risks are managed and how potential damages which derived from that are compensated or repaired.

8.B. Impact on the strategy and company policies – the board of directors and management ensure that the company's strategy and policies take into account the constraints of the SER policy.

8.C. Continuous engagement with stakeholders – management ensures that there is an ongoing dialogue between the company and its stakeholders, particularly its employees, customers' suppliers, public authorities and local communities. To do this, it

sets up channels and tools for engagement with each of these categories of stakeholders. The board of directors regularly monitors the implementation and quality of this dialogue.

Practice of good governance

8.1. SER policy development benchmarks and extra-financial performance report – the SER policy identifies one or two national or international sustainable development benchmarks and contains specific medium-term objective commitments and performance indicators according to the guidelines, pillars or development or achievement axes of these benchmarks. It draws up periodic non-financial performance reports, particularly on its SER practices, which can be transmitted to all stakeholders and disseminated to the public.

8.2. Non-financial performance reports - Management prepares periodic non-financial performance reports, including on its SER practices, and submits them to the board of directors for discussion and approval, and subsequently, if authorised by the board of directors, for transmission to all stakeholders and/or dissemination to the public.

8.3. Compliance of decisions with the SER policy – where the general manager requests approval of decisions by the board of directors, the support documents explain the extent to which the recommended actions are in line with the SER policy.

8.4. Publicity of the SER policy – the company's SER policy is available on the company's website.

8.5. Communication with stakeholders – the board of directors regularly ensures that there is structured and transparent communication with the company's stakeholders. To this end, the board and the general manager should jointly determine which actors they consider to be the main contractual or strategic stakeholders with whom it is in the company's interest to establish lines of communication. The general manager will ensure that an internal document specifies the principles and mechanisms for dialogue with these stakeholders in a bid to ensure constructive engagement with them. This document will indicate the responsible internal interlocutors within the stakeholders, the desirable frequency of contact, the deadlines for response, the modes of communication to be used, the cases of recourse to the line manager, the obligations of accountability, follow-up and traceability, etc. the general manager also ensures that the management board is informed of the results of this commitment. The company also establishes a system whereby stakeholders have direct access to the audit committee, if they so wish, to raise their concerns with the board.

8.6. Stakeholder access to the audit committee - The company also has a system for stakeholders to access the audit committee directly, if they so wish, in order to raise their concerns with the board.

8.7. Board contacts with stakeholders – the board should have the power to hold meetings with stakeholders when it deems it necessary to improve its understanding of issues facing the company, including the views of stakeholders on the company's performance and reputation. The general manager should be notified in advance of such contacts.

8.8. Employee engagement mechanisms– in addition to the legal and regulatory requirements, the company has in place:

- a. A manual describing the principles and procedures of human resources management;

- b. Where appropriate, the possibility for employee representatives to sit as such on the board and/or its committees (other than the audit committee), or to attend their meetings;
- c. Mechanisms for staff members to raise concerns in confidence and, if they wish, anonymously. Where appropriate, the board should conduct proportionate and independent investigations into issues raised by staff and invite management to take appropriate follow-up; and
- d. Working time arrangements that facilitates staff engagement in initiatives that have a positive impact on the community, such as volunteering.

8.9. Investors relations – the company, through its general manager, seeks to establish a lasting relationship with investors based on transparency and mutual trust. To this end, it has a department in charge of conducting investor surveys and/or maintaining an ongoing relationship with them. The company also ensures that it provides them with reliable and complete information that reflects the company's financial situation.

8.10. Relationship with suppliers and service providers – the company, through its general manager, ensures that it establishes a sustainable and transparent relationship with the company's suppliers. This includes clear contractual terms and conditions that comply with legal and regulatory requirements, adherence to payment terms and a regular review of its business relations with the suppliers.

For state-owned enterprises, this practice is replaced by another specific practice for these companies. See the sectoral annex for state-owned enterprises.

8.11. Customer Relations – the company, through its general manager, regularly checks the solvency of its customers and seeks to diversify its base. It will ensure that the company maintains the best possible relationship with its customers by

- a. Carefully drafting clear and accessible general conditions;
- b. Complying with agreements made with them, including delivery times where applicable;
- c. Communicating clearly and regularly with them; and
- d. Carrying out actions to build loyalty.

For state-owned enterprises; this practice is replaced by another specific practice for these companies. See the sectoral annex for state-owned enterprises.

8.12. Respect for legal and regulatory provisions, and relationship with the public authority – the board will ensure that the company strictly complies with the legal and regulatory provisions applicable to it and maintains the best possible relationship with public authorities and local communities whose support is necessary to ensure the company's continuity and growth.

8.13. Relationship with professional associations – in order to benefit from the exchange of practices with companies in the same sector and to strengthen the sector's influence with public authorities, the company should ensure that it is a member of the relevant professional and employer's associations and that it interacts with them regularly.



SECTORAL ANNEXES FOR THE DOCUMENT FOR LARGE COMPANIES

Sectoral Annex for publicly traded companies, listed companies and multinational companies;

Sectoral Annex for regulated companies; and

Sectoral Annex for state-owned enterprises



SECTORAL ANNEX FOR
PUBLICLY TRADED,
LISTED AND
MULTINATIONAL
COMPANIES

INTRODUCTION TO THE SECTORAL ANNEX

The Precepts and Practices of Good Corporate Governance are aimed at all large companies in Cameroon, including publicly traded companies, listed companies and multinational companies. However, some precepts and practices need to be adjusted not only to take into account the particularities of these companies but also to reflect the best governance practices expected. The principles of the general code apply strictly to these companies and should be respected.

CHAPTER 1: RESPONSIBILITIES, STRUCTURE AND FUNCTIONING OF THE BOARD OF DIRECTORS

Precepts of good governance

In chapter 1, Precept 1 is replaced by the following Precept:

1.C board Independence – at least one-third of the members of the board will be independent members. Collectively, the board will ensure that it maintains its independence of judgment from management. Principles of Good Governance.

Practices of good governance

In chapter 1, the Practices of 1.6, 1.9, and 1.17 are respectively replaced by the following Practices:

1.6. Non-executive and independent board members – more than half of the board members are non-executive members. Insofar as the number of board members allows, one-third of these members and at least two directors including the chairperson of the board will be independent members.

1.9. Term of office and renewal of board members – To ensure a harmonious and regular renewal of the members of the board of directors and the diversity of its compositions:

- a. The staggering of terms of office is organised in such a way as to avoid block renewal ;
- b. The term of office of the members of the board of directors, as laid down in the bylaws, will not exceed four years;
- c. it is not proposed to reappoint a board member who has already served for twelve consecutive years without duly explained justification to the general meeting of shareholders.

1.15. Regular training and information of board members – the chairperson of the board shall ensure that all board members receive initial induction training, a process of integration into the board, as well as ongoing training, including updates and briefings, of at least two years to maintain and improve their skills and knowledge. The governing body devotes sufficient time, budget and resources to this purpose and, where necessary, relies on management and external experts on issues relevant to the company.

In chapter 1, the following practice is added:

1.45. External Advisors - the board of directors is entitled to obtain, at the company's expense, information and advice from advisors outside the company, if it deems necessary to carry out its responsibilities effectively. The procedure to be followed is specific in the internal rules of the board of directors.

CHAPTER 3: CONTROL AND RISK MANAGEMENT**Practices of good governance****In chapter 3 the following Practice is added:**

3.10. Nomination of the heads of the control functions - The head of internal audit is appointed by the board of directors on the proposal of the audit committee.
The head of the risk management function is appointed by the board of directors on the proposal of the general manager.
The head of the compliance function is appointed by the board of directors on the proposal of the general manager.

CHAPTER 4: REMUNERATION**Practices of good governance****In chapter 4, Practices 4.7 and 4.1 are respectively replaced by the following Practices:**

4.5. information on board and management remuneration the management report and/or the ESG report include information on the remuneration of all members of the board of directors and the general manager. In the event of a significant increase in a remuneration covered by the remuneration policy, the reasons for this increase are explained to the shareholders

4.8. Components of management remuneration - The management remuneration policy describes the different components of their remuneration and sets an appropriate balance between fixed and variable components and between cash and deferred remuneration. The board of directors ensures, among other things, that the performance indicators and incentive plans for management take into account the company's environmental and social objectives.

CHAPTER 5: CULTURE, VALUES AND ETHICS**Practices of good governance****In Chapter 5, the following Practice is added:**

5.11. Non-competition of members of the board of directors and management - no member of the board of directors and management is engaged in any activity that competes with a natural or legal person. No member of the board of directors and management is a member of a governing or management body of a competing company, or of a company that is a significant shareholder (any natural or legal person who directly or indirectly holds 5% or more shares in a company).

In chapter 5, Practice 5.9 is replaced by the following Practice:

5.9. Prior approval of related-party transactions - No material transaction between the company and a member of the board of directors or management or a shareholder holding, directly or indirectly, more than 10% of the company's capital or voting rights (or a person associated with them) shall be entered into without prior consultation with the audit committee and approval by the board of directors, and in accordance with the following terms:

- a. the fair value of any material transaction is confirmed, prior to the approval of the transactions, by an independent expert selected by the audit committee; and
- b. the approval of related-party transactions by the board of directors is made on a transaction-by-transaction basis; and
- c. within three days of the conclusion of the transaction, the company should make the independent expert's report available to the public on its website, together with the information required by law and regulation.



**SECTORAL ANNEX
FOR REGULATED
COMPANIES**

INTRODUCTION TO THE SECTORAL ANNEX

This annex is intended to apply to credit and related companies, insurance and reinsurance companies, as well as to telecommunication companies. Considering the major role that these companies play in the Cameroonian economy, implementing strong governance within them based on best practices is vital to the improvement of their performance and the reinforcement of the confidence of investors, shareholders, clients and other stakeholders.

In addition, considering the particularity of those companies and the operational or reputation risks they face, some of the **Precepts and Practices** are adjusted to reflect the particularities of their activity sectors, with the objective of supporting the continuous improvement of governance within those companies. The Principles of the General Code, as far as they are concerned, apply strictly to the said companies and must be respected.

CHAPTER 1: RESPONSIBILITIES, STRUCTURE AND FUNCTIONING OF THE BOARD OF DIRECTORS

Precepts of good governance

In Chapter 1, Precept 1.C is replaced by the following Precept:

1. C. Board independence – At least one-third of the members of the board of directors shall be independent members. Collectively, the board shall ensure that it maintains its independence of the judgment from management.

Practices of good governance

In Chapter 1, Practices 1.6 and 1.36 are respectively replaced by the following paragraphs:

1.6. Non-executive and independent board members – more than half of the board members are non-executive members. As long as the number of board members allows, one-third of these members and at least two directors including the chairperson of the board shall be independent.

1.36. Nomination committee – the main duties of the nomination committee are:

- a. supervise the process of appointing board members to ensure that it is fair and transparent;
- b. ensure that for each vacancy on the board, they shall participate in the role description, search for potential candidates, and recommend them to the board;
- c. establish independence criteria for board members and submit them to the board for approval; when searching for independent board members, test and confirm the independence of candidates; check if independent board members continue to fulfil the independence criteria during their term of office;
- d. Ensure that potential candidates for the board are available, in terms of time;
- e. Develop succession plans for the renewal or replacement of board and committee members, after consultation with the chairperson of the board or the committee concerned;
- f. Monitor progress towards achieving the targets for the percentage of gender balance on the board of directors and in the management;
- g. In consultation with the chairperson of the board of directors, assist in the selection process for the general manager and develop a succession plan for this position; ensure the general manager has succession plans for key management staff;

- h. Collaborate on the establishment and maintenance of induction, board integration and ongoing training processes for board members; and
- i. In consultation with the chairperson of the board of directors, assist in the establishment and maintenance process for evaluating the performance of the board and its members.

In Chapter 1, Practice 1.22 is added in the following Practice:

1.22. Participation in board meetings – the non-executive and independent members of the board meet informally at least twice a year without the presence of the executive members of the board in order to freely discuss issues related to the operation of the board. These meetings are chaired by an independent director. The procedures for convening these meetings as well as their agenda are formalized in the charter of the board.

In Chapter 1, the following Practice is added:

1.45. Risk committee – the main functions of the risk committee is to:

- a. advise the board of directors on risk strategy and risk appetites;
- c. advise the board of directors on the definition of a risk management policy;
- d. ensure that the level of risk encountered is contained in the prescribed limits by the board of directors in conformity to risk appetite defined by the board;
- e. periodically assess the quality of the company's risk measurement controlling and monitoring risks at the company level;
- f. ensure the adequacy of the information systems with respect to the nature of the company's activities; and
- g. assess the human and material resources allocated to the risk management and control operation and the actuarial function, if any, and ensure their independence.

CHAPTER 3: CONTROL AND RISK MANAGEMENT

Precepts of good governance

In Chapter 3, Precept 3.D is replaced by the following Precept:

3.D. The three lines model – The company's governance system clearly indicates the responsibilities for internal control and risk management for each level: at the first level, the duties in charge of carrying out operations; at the second level, the duties providing complementary expertise, assistance, and monitoring of the effectiveness of risk management and compliance; and at the third level, the internal audit duty, which is independent on the first two. The board of directors regularly ensures the proper operation of this system and in particular the complementarity of the work of the three lines in order to guarantee effective coverage of the main risks.

Practices of good governance

In Chapter 3, Practice 3.4 is replaced by the following Practice:

3.4. Evaluation of the internal control framework– the board of directors ensures that the internal audit operates regularly and has an evaluation of the adequacy and effectiveness of the internal control system at least once a year. A report shall be sent to the management board and to the State audit authorities. These reports shall inform the audit missions carried out by the

accounts and the inspection of finances, which shall ensure, in particular, that appropriate measures are taken to remedy the deficiencies noted.

In Chapter 3, the following Practices are added:

3.10. Actuarial function – the insurance and reinsurance company has an actuarial function for:

- a. coordinating the calculations of technical provisions, including the application of methods and procedures to assess their adequacy;
- b. ensuring that the calculations of prudential technical provisions meet the asset and liability valuation requirements of the regulatory framework and assessing the uncertainty associated with the estimates made in the calculation of prudential technical provisions;
- c. ensure the appropriateness of the methodologies, underlying models and assumptions used in the calculation of technical provisions;
- d. assess the adequacy and quality of the data used in the calculation of technical provisions;
- e. Inform the board of directors or the supervisory board of the reliability and adequacy of the calculation of technical provisions;
- f. give an opinion on the global subscription policy and the adequacy of the reinsurance arrangements; and
- g. contribute to the effective implementation of the risk management system, in particular with regard to the internal assessment of risks and solvency.

3.11. Functioning of the actuarial function– the insurance and reinsurance shall have a charter setting the mission, role, independence and prerogatives of the actuarial function. The risk committee shall ensure that the actuarial function has the necessary skills and resources to carry out its mission, taking into account the nature, scale and complexity of the risks inherent in the company's activities.

The actuarial operation should prepare, at least annually, a report for the board of directors that clearly indicates any deficiencies observed and makes recommendations on how to remedy them.

3.12. Compliance – the company has an operational control entity responsible for, among other things, identifying and assessing the risk of non-compliance with applicable laws and regulations and ensuring that an adequate system is in place to fight against corruption, money laundering and the financing of terrorism.

3.13. Nomination of heads of the control function – the heads of internal audit is appointed by the board of directors on the proposal of the audit committee.

The head of the risk management unit is appointed by the board of directors on the proposal of the general manager and after approval by the risk committee.

The person in charge of the actuarial operation is appointed by the board of directors on the proposal of the general manager and after approval by the risk committee.

The Head of the compliance unit is appointed by the board of directors on the proposal of the general manager.

3.14. Control function, collaboration – the control functions work in close liaison in the performance of their duties. The Heads of the functions shall report directly and without delay to the board of directors on any problem that could lead to the established risk tolerance levels being exceeded.

CHAPTER 4: REMUNERATION

Practices of good governance

In Chapter 4, Practice 4.5 is replaced by the following Practice:

4.5. Information on board and management remuneration – the management report and/or ESG report shall include information on the remuneration of individual members, including the general manager. In case of a significant increase in remuneration covered by remuneration policy, the reasons for the increase should be explained to shareholders.

In Chapter 4, the following Practices are added:

4.13. Remuneration of control functions – the remuneration of staff in the risk management, compliance, internal audit and actuarial units is determined independently of the company's performance so as not to compromise their independence.

4.14. Clawback and malus clauses – The executive remuneration policy should include provisions specifying the circumstances in which a portion of an executive's variable remuneration is to be deducted, reduced or recovered, especially when it is shown that the remuneration was calculated on the basis of erroneous assumptions and/or a risk attitude that is not in line with the company's risk appetite.

CHAPTER 5: CULTURE, VALUES AND ETHICS

Practices of good governance

In Chapter 5, the following practice is added:

5.10. Non-competition of members of the board and managers – no member of the board of directors and management is engaged in any activity that competes with a natural or legal person. No member of the board of directors and management is a member of a governing or management body of a competing company, or of a company that is a significant shareholder in a competing company (a significant shareholder is any natural or legal person who directly or indirectly holds 5 or more shares in a company).



SECTORAL ANNEX
FOR STATE-OWNED
ENTERPRISES

INTRODUCTION TO THE SECTORAL ANNEX

This annex is intended to apply to **state-owned enterprises defined by the law of 12 July 2017** as 'economic units with legal and financial autonomy carrying out an industrial and commercial activity, the share capital of which is wholly or mainly held by a legal person under the public law'. State-owned enterprises are major players in the Cameroonian economy given their large number, and their multiple interventions in the provision of public services to citizens and in the realization of structuring projects for the economic and social development of the country.

Considering the particularity of their shareholding, some of the precepts and recommended Practices should be adjusted to reflect the particularities of the governance of state-owned enterprises. The Principles of the General Code, on the other hand, apply strictly to these companies and must be respected without neglecting the principles that apply specifically to public services:

- the **principle of continuity**, which is intended to ensure the continuity of the State and the public service to meet the needs of users;
- the **principle of adaptability**, which requires that public services be adapted to meet collective needs and the requirements of the general interest; and
- the **principle of equality**, which requires that the same treatment be applied to people in identical situations; and allows that different treatment may be applied to people in different situations.

CHAPTER 1: RESPONSIBILITIES, STRUCTURE AND FUNCTIONING OF THE BOARD OF DIRECTORS

Precepts of good governance

In Chapter 1, Precepts 1.B and 1.D are respectively replaced by the following Precepts:

1.B. Composition of the board – the board of directors shall be composed in such a way as to be able to carry out its strategic and supervisory tasks effectively and to exercise independent and objective judgment. It should develop a standard profile of its composition to ensure that it has the necessary skills and experience to fulfil the role of the board of directors.

1.D. Separation of the duties of chairperson of the board and general manager, lead director – in accordance with Law 2017/011, the same person is not both chairperson of the board and general managers. Furthermore, the chairperson is a non-executive member of the board member, known as the 'lead director'. The lead director is responsible for continuously monitoring the good governance of the company and, where necessary for:

- a. conduct the annual evaluation of the board of directors;
- b. participate in the writing of the annual report on the governance of the public company;
- c. Participate in the examination and resolution of conflicts of interest of board members;
- d. Request the chairperson of the board, alone or with other board members, to submit items to the agenda of the board of directors;
- e. in case of emergency and if the chairperson fails to act, to ask the auditors to convene a meeting of the board of directors; and
- f. where the board of directors has not met for more than three months, request the chairperson to convene a meeting of the board and if, within fifteen days of such request

the chairperson does not then convene the meeting, set the agenda and convene the meeting if at least one-third of the board members are willing to hold it

Practices of good governance

In Chapter 1, Practices 1.1, 1.6, 1.7, 1.9 and 1.13 are respectively replaced by the following Practices:

1.1. Delimitation of Powers – in compliance with applicable law and regulations, the bylaws and other internal documents clearly state the powers of the board of directors and the matters reserved for its decision, in particular decisions concerning strategy, budget, risk exposure and reputation of the company. In carrying out its duties, the board of directors should ensure that the executive board has the necessary margin of action to carry out its duties and should not interfere in the operational management of state-owned enterprises, which is the responsibility of the Executive board. The bylaws are available on the company's website.

1.6. Non-executive and independent board members – more than half of the board members, including the chairperson, are non-executive members. They are drawn from civil society and selected on the basis of their skills, the type of issues the company faces and its sector of activity. As long as the number of board members allows, one-quarter of these members and at least two directors are independent members.

A member of the board of directors or of one of its committees may only be deemed independent if he or she meets the following conditions:

- a. during the three years preceding his or her nomination, he or she has not been an employee or member of the administrative, supervisory or management bodies of the company;
- b. during the past three years, has not been a permanent representative, employee or member of the administrative, supervisory or management body of a shareholder or of a company consolidated by the latter;
- c. has not been a member of the administrative, supervisory or management body of a company in which the company has a holding of any percentage during the previous three years;
- d. has not been a member of the administrative, supervisory or management body of the company in which the company has a mandate in the administrative or supervisory body, or in which a member of the administrative or supervisory body or a member of the board of directors has a mandate;
- e. not having represented a commercial or financial partner or a partner performing an advisory mission for the company during the last three years;
- f. not being related up to the second degree to a shareholder or a member of the board of directors of the company or his/her spouse;
- g. not having been an auditor of the company during the six years preceding his/her nomination;
- h. not being a significant shareholder or part of a group of significant shareholders; not representing a significant shareholder or a group of significant shareholders; a significant shareholder is any natural or legal person who directly or indirectly holds 5% or more of a company's shares;
- i. not having received any payments from the company in addition to the remuneration received for the performance of his or her activities on the board;
- j. not being or having been in an important business relationship with the company or its related companies, directly or indirectly as a partner, shareholder, or member of the administrative,

- supervisory or management body of an organisation that has an important business relationship with the company, during the previous three years;
- k. not having been a member of the board for more than twelve years.

The board may consider that a candidate or a director, although fulfilling the criteria set out above, should not be deemed independent in view of his or her particular situation (for example, the large proportion of assets held in the company compared to his or her personal assets), in view of his or her shareholding or for any other reason.

1.7. Nomination of board members – prior to any nomination of board members by the general shareholders' meeting, the following information shall be made available to all shareholders:

- a. the candidate's CV, a brief presentation of the candidate's qualifications in terms of skills, education, training, experience and independence of mind, informing the meeting of the added value the candidate can bring to the board effectiveness;
- b. the candidate's capacity as an executive or non-executive member; and
- c. the candidate's other activities, including membership in the administrative or management bodies of other companies.

This information should also be made available to the company prior to the nomination of the state representatives.

1.9. Directors' tenure and renewal – To ensure a harmonious and regular renewal of the members of the board of directors and the diversity of its membership:

- a. the staggering of terms of office is organised so as to avoid a block renewal;
- b. In accordance with the law⁵, the term of office of a director shall not exceed 3 years renewable once. In any case, the cumulative term of office of director shall not exceed 6 years;
- c. Although the renewal of directors is by tacit agreement, at the end of each term of office, the board of directors carries out an individual assessment of the directors, his performance and his contribution to the duties of the Board.

1.13. Rights and duties of board members – all board members, including the representatives of the state, perform their duties in the interest of the public company and for its long-term success, and not in their own interest or in the particular interest of the individual shareholders or other parties. As such, they exercise independent judgement, integrity, loyalty, diligence and professionalism. Their rights and duties are clearly set out in a board member charter adopted, and updated from time to time, by the board of directors.

In Chapter 1, the following Practices are added:

1.45. Coordination of State's representatives – the financial and technical supervisory authorities shall ensure within the limits of their duties, that there is prior coordination between their representatives on the board of directors of the state-owned enterprises for more concerted decision-making. The state's representatives on the board ensure that the supervisory authorities are informed of the outcome of the deliberations.

1.46. Strategic committee – The main duties of the strategy committee are :

- a. assist the board of directors in developing the strategy of the public company in line with its missions and the state's shareholding and development strategy;

⁵ Article 47 of Law No.2017/011 of 12 July 2017 to lay down the general rules and regulations governing public corporation

- b. examine the multi-annual plan of the public company and lead the budget definition process;
- c. ensure the implementation of the defined strategy, preparing the periodical reviews and their evaluation with the competent departments of the company or external experts;
- d. analyse trends and changes in the company's sector of activity and the national and international environment from a downward-looking perspective, with a view to anticipate; innovate, and ensure the company's broad deployment and performance as well as the satisfaction of its customers and the population;
- e. ensuring the adequacy of the activities carried out and results projected or obtained with the overall development plan;
- f. prepare the deliberations of the board of directors in line with the strategy of the public company;
- g. examine and discuss strategic projects and investments of the public company.

CHAPTER 2: MANAGEMENT

Practices of good governance

In Chapter 2, Practice 2.8 is replaced by the following Practice:

2.8. Annual evaluation of the interaction modalities of the committee and the management - at least once a year, the board of directors assesses the effectiveness of the interaction between the board of directors and management, as well as the adequacy of the support and information it receives from management. This evaluation is led by the ESG committee.

In Chapter 2, the following Practice is added:

2.10. Term of office of the general manager - according to law⁶, the general manager is appointed for a mandate of 3 years possibly renewable 2 times.

CHAPTER 3: CONTROL AND RISK MANAGEMENT

Precepts of good governance

In Chapter 3, Precept 3.F is replaced by the following Precept:

3.F. Technology watch - In order to remain competitive, the company takes care to prevent the obsolescence of its business model, tools and systems. The board of directors also ensures that it creates a framework and culture that encourages innovation, integrates it into its strategy and reflects the most relevant research and development results in its business model. The board of directors and management regularly and at least annually assess the need to adopt information systems compatible with those used by the technical and financial supervisory authorities.

⁶ Article 70 of Law No.2017/011 of 12 July 2017 to lay down the general rules and regulations governing public corporations

Practices of good governance

In Chapter 3, Practice 3.4 is replaced by the following Practice:

3.4. Evaluation of the internal control system – the board of directors ensures that the internal audit operates regularly and has an evaluation of the adequacy and effectiveness of the internal control system at least once a year. A report shall be sent to the management board and to the State Audit Authorities. These reports shall inform the audit missions carried out by the audit court, the finance inspections and the auditors which shall ensure, in particular, that appropriate measures are taken to remedy the deficiencies noted.

In Chapter 3, the following Practice is added:

3.10. Certification of accounts – In order to guarantee the reliability, fairness and accuracy of its accounts, the public company shall certify them. The board’s audit committee ensures that the certification of accounts is carried out within a reasonable timeframe and in accordance with international norms and standards.

CHAPTER 5: CULTURE, VALUES AND ETHICS

Practices of good governance

In Chapter 5, Practice 5.5 is replaced by the following Practice:

5.5. Managing conflicts of interest policy – no member of the board of directors or executive board is allowed to make or support decisions that favour their personal interests or those of persons associated with them. The public company shall establish a conflict-of-interest management policy defining situations of conflict of interest, including with regard to the state and other public institutions and companies and the measures to be put in place to identify, monitor, prevent, evaluate and mitigate them. The conflict-of-interest policy is approved by the board of directors and available on the company’s website.

In Chapter 5, the following Practice is added:

5.10. Report on conflict of Interest – the public corporation shall prepare and disclose in its annual report / or management report any financial assistance, including guarantees, received from the state and commitments made on behalf of the public corporation, including contractual commitments and liabilities arising from-private partnerships and any material transactions with the state and other related entities. This report also includes any conflicts of interest reported by members of the board of directors during the year.

CHAPTER 6: DISSEMINATION OF INFORMATION

Practices of good governance

In Chapter 6, practice 6.4 is replaced by the following Practice:

6.4. Annual report – the public company shall publish an annual report on the operational results of the company. In addition to financial information, the annual report shall include:

- a. a list of the board members and its committees;
- b. information on the other leading members of the board of directors and of the management in the group company (in case the company is part of a group comprising a controlling company and one or more controlled companies) and in any other company;
- c. the main responsibilities and operating procedures of the board and its committees;
- d. a report on the work of the board and each of its committees, including an indication of the number of meetings held during the year and statistics on the participation of each member in these meetings;
- e. the gender equality policies applied to the board of directors, its committee and management, as well as the objectives of those policies, the way they are implemented, the results obtained during the past Financial year, including where appropriate, the reasons why the objectives were not achieved and the measures taken to remedy them;
- f. the results of the board's evaluation of its own effectiveness; and
- g. the company's annual governance review, stating the company's level of compliance with each of the precepts and/or practices set out in this document and, in the event of non-compliance, explaining the reasons for such non-compliance and the prospects for future compliance.

In Chapter 6, the following Practice is added:

6.5. Declaration of assets and liabilities - At least once a year, the general managers of the company shall complete and submit to the secretary of the board a declaration of assets and liabilities, which shall be published on the company's website.

CHAPTER 7: RESPECT OF SHAREHOLDERS AND THEIR RIGHTS

Practices of good governance

In Chapter 7, the following practices are added:

7.8. Relationship with the State and other state-owned enterprises – the public company's transactions with the State and other state-owned enterprises are carried out under normal contract conditions.

7.9. Relationships with the State, in its strategic role – the State plays its strategic role through the definition of major orientations and sectoral strategic choices, the conduct of public policies and structural reforms aimed at promoting economic and social progress and the implementation of the country's strategic objectives. These objectives are reflected in the mission statement of the state-owned enterprise and the performance contract concluded between the state-owned enterprise and the State.

7.10. Relationship with the State, as a regulator – the State exercises financial control over the state-owned enterprise in addition to other forms of internal or external controls. Besides legal and regulatory compliance, this control shall focus on performance and risk management as well as revitalising the management and governance framework of state-owned enterprises, in order to enable them to act as economic actors in a transparent and accountable framework.

CHAPTER 8: STAKEHOLDER ENGAGEMENT

Practices of good governance

In Chapter 8, practices 8.10 and 8.11 are replaced by the following practices:

8.10. Relationship with suppliers and service providers – the public company shall ensure transparency in the awarding of public contracts. It mainly guarantees freedom of access to public procurement and equal treatment of candidates.

8.11. Relationship with users of public services – the public company shall adopt a quality approach towards users of public services based especially on quality service, client satisfaction surveys and regular exchanges.

In Chapter 8, the following practice is added:

8.14. Performance contract – a performance contract, agreed between the general management of the state-owned enterprises and the state, covers the activities of the latter, defines the mission, the strategic orientations as well as the objectives to be followed and the performance, indicators associated with each objective. The implementation of the performance contract is subject to an annual evaluation carried out by the technical and financial supervision. The public company undertakes to undertake the negotiation with the State, if the State does not take the initiative.



PRECEPTS OF GOOD
CORPORATE GOVERNANCE
FOR SMALL AND MEDIUM-
SIZED ENTERPRISES (SMEs),
VERY SMALL ENTERPRISES
(VSEs), AND FAMILY OWNED
SMEs/VSEs

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INTRODUCTION

Purpose of the document

This document is the good governance practices document for small and medium-sized enterprises (SMEs), very small enterprises (VSEs), and family-owned SMEs/VSEs based on and complementing the *Code for Good Corporate Governance - Common Principles of Good Governance General Code*. SMEs and VSEs operating as a limited company with a board of directors are the focus of specific precepts and practices in the document for large companies and are therefore not included in the field of application of this document.

As defined by the law of Cameroon⁷, an SME is any enterprise, regardless of its sector of activity, that employs no more than 100 people and whose annual pre-tax turnover does not exceed CFA francs 3 billion.

The law therefore distinguishes three categories of SMEs namely:

- A very small enterprise (VSE) is an enterprise with no more than (five) employees and an annual pre-tax turnover of no more than CFA francs (15) fifteen million.
- A small-sized enterprise (SE) is an enterprise with 6 (six) to (20) twenty employees and an annual pre-tax turnover of more than CFA francs (15) fifteen million and less than CFA francs (200) two hundred million.
- A medium-sized enterprise (ME) is an enterprise with 21 (twenty-one) to 100 (hundred) employees and an annual pre-tax turnover of more than CFA francs two hundred and fifty (250) million but not more than CFA francs three (3) billion.

Apart from the difference in size and turnover, these SMEs⁸/VSEs have some common characteristics:

- a frequent cumulation between the corporate ownership and the functions of governance and management bodies;
- a short decision-making circuit;
- an imperative for flexibility and the need for minimal formalism

Nevertheless, these SMEs/VSEs also differ from each other in that they have:

- different legal forms⁹: they are either sole proprietorships or partnerships (limited partnership "SCS", general partnership "SNC", joint venture) or joint stock companies (limited liability company "SARL" and public limited company "SA")

⁷ (1) Law No. 2010/001 of 13 April 2010 to promote small and medium-sized enterprises in Cameroon. (2) Law No. 2015/010 of 16 July 2015 amending and supplementing certain provisions of Law No. 2010/001 of 13 April 2010 to promote small and medium-sized enterprises in Cameroon.

⁸ In the context of this document, the term "SME" will be used to refer to both SEs and MEs.

⁹ According to the OHADA Uniform Act.

- with very different levels of development.

In addition, many SMEs/VSEs are family-owned companies, characterised by:

- the concentration of capital ownership among members of one or more generations of the same family and affiliates;
- the omnipresence of an owner (or majority) head of the company
- the centralisation of decision-making;
- often informal governance practices;
- the importance of emotional and family ties in the management style;
- the potential need to manage a greater number of conflicts, considering the intertwined interests of the company and those of the family, and the increased exposure to economic hazards due in particular to the small size and chronic undercapitalisation; and
- a specific issue with regard to the succession of the head of the company, who is the founder of the company and reluctant, in most cases, to share power.

Whether family-owned or not, SMEs meet their own specific challenges, which evolve as they develop and as their ownership, organisation and management change. Given their significant contribution to economic growth and job creation in Cameroon¹⁰, it is essential that they have a tailor-made governance framework matched by structures, policies and practices to compete, develop and sustain growth.

Good corporate governance

Corporate governance refers to the way decisions are made within the company and how they are implemented and shared to enable the company to achieve its objectives, in particular its goal of creating sustainable value. It focuses on the way companies are managed and monitored and aims to ensure that the governance and management bodies are able to fulfil their responsibilities within the administration and management of the company. Hence, it differs from corporate management, which aims to establish a strategy and operational objectives according to the type of business, the resources available to it and the risks it faces.

This document aims to guide Cameroon's SMEs/VSEs towards the adoption of good governance standards so that strategic and operational decisions are taken at appropriate levels by people able to take them and measure the risks, These decisions must be controlled by the appropriate bodies within and outside the company.

¹⁰ Cameroon SMEs and VSEs are considered to: (1) form the basis of Cameroon's economic structure: they represent 95% of the country's enterprises, of which approximately 36% are VSEs, 34% are SMEs and 30% are MEs; (2) participate significantly in economic growth, job creation, regional and local development and social cohesion: they contribute nearly 54% of employment and 36% of the country's GDP.

Thereby, Cameroon's SMEs/VSEs will increase their reputation among the stakeholders crucial to their activities and, more generally, strengthen the confidence in their economic, financial and social environment.

Document outline and user's guide

This document is divided into seven chapters, each of which is dedicated to an essential aspect of a good corporate governance arrangement including:

1. **Leadership and management**
2. **Control and risk management**
3. **Remuneration**
4. **Culture, values and ethics**
5. **Dissemination of information**
6. **Relationship with partners**
7. **Stakeholder engagement**
8. **Transfer of the company**

Each chapter of this document consists of two parts:

- a. a reminder of the **Principles** of the Code that are particularly relevant to the issue addressed in the chapter; and
- b. a limited number of **Precepts**, which are the general rules to be followed in setting up each element.

Together, these constitute a reference framework that SMEs/VSEs of Cameroon should refer to and follow willingly, and not as a mandatory framework that they must follow.

Anyone who intends to carry out a comprehensive governance review of a company should first read, in the **General Code**, the Principles underlying good corporate governance. He or she will then read this document, referring to **Precepts** in each chapter, and assessing whether the company applies each of them and to what extent. If the company does not apply any of the Precepts, or only part of them, he or she will explain the reason(s) behind the non-compliance. If necessary, the company can share this governance review with its staff to increase commitment and with third parties (founders, investors, customers, suppliers, and public authorities) with whom it works or wishes to work.

This system, known as **comply or explain**, is the one recommended by the OECD for conducting a governance review and, where appropriate, taking steps to improve it.

Principle of proportionality

The principle of proportionality governs the entire document and its implementation. This means that some of its precepts may not apply to the particular case of a company, due to the nature of its business, its size, its risk profile, its business model, its complexity, its membership in a group, etc. The precepts of the document that are not taken into account for any of these reasons must be indicated and, in each case, the explanation of non-compliance must provide the specific elements that allow the company to conclude that the principle or precept is not applicable to it, in line with the **comply or explain** system; non-application is therefore possible provided that it is adequately justified.

Interaction with the legal and regulatory framework

This document constitutes a set of principles and precepts that complement the law and regulations governing SMEs/VSEs of Cameroon¹¹. Good corporate governance requires firstly, strict compliance with legal and regulatory provisions, both in spirit and in letter. However, this document adds principles and precepts that are either more detailed or set higher standards than the legal provisions that regulate the same area. In other words, compliance with the law and regulations, while necessary, may not be sufficient on its own to ensure compliance with the document's standards. Conversely, compliance with the content of the document does not cancel the obligation for the company to comply with the law and regulations applicable to it.

For SMEs/VSEs operating as a public limited company, additions are necessary to take into account the existence of the board of directors in their governance: these are the focus of specific precepts and practices in the document for large companies.¹²

Some additions are also necessary for the governance of family-owned SMEs/VSEs, such as the close involvement of members of one or more families in the company, succession between members of the family group and the transfer of the company within the family or to third parties: these additions are the focus of additional precepts in some chapters of the document.

People concerned

All members of the governance bodies and heads of companies are concerned by this document to the extent that they are primarily responsible for the governance within the company.

Beyond the members of the governance bodies and heads of companies, knowledge of the contents of this document is also useful to their interlocutors, especially those belonging to the

¹¹ Law No. 2015/010 of 16 July 2015 amending and supplementing certain provisions of Law No. 2010/001 of 13 April 2010 to promote small and medium-sized enterprises in Cameroon.

¹² Further information, and details of the practices necessary to carry out a more comprehensive governance review, are available in the Good Governance Practices for Large corporate document.

All corporate stakeholders (family members, partners, staff, investors, customers, suppliers, etc.) are also concerned by this document. The company is part of an ecosystem in which it uses, values and relies on the contributions of different stakeholders that it affects through its activities, who themselves also affect the company. Consequently, corporate governance cannot ignore stakeholders. This approach to governance, resultant of both the limits of the company and a responsible approach, has been reinforced by the pandemic, which has demonstrated the fragility of the company and the importance of each stakeholder in creating long-term value.

Entry into force

This document shall enter into force as of April 1st, 2023.

Revision process for the General Code and this document

By definition, corporate governance is a process of continuous progress that must consider the results of the implementation of existing texts, as well as the evolution of national legislation and international standards. The *Haute Autorité de Gouvernance* serves as a permanent observatory of these issues. It is responsible for proposing the revision of the General Code and this document at regular intervals - every three years or more often if necessary - in the light of both national and international changes in business life and business practices.



GLOSSARY

TERMINOLOGY IN THE DOCUMENT	DEFINITIONS
SME	Small and Medium-sized Enterprises
HEAD(S) OF THE COMPANY	Term referring to the persons in charge of the administration or management of the company
OECD	Organisation for economic cooperation and development
SE	Small enterprises
SA	Public limited company
SARL	Limited liability company
SCS	Limited partnership
SNC	General partnership
VSE	Very Small Enterprises



CHAPTER 1: LEADERSHIP AND MANAGEMENT

Originally, an SME/VSE is usually a company designed and set up by one person, sometimes with the help of a small group of partners or family members. The head of the company is both the owner and the leader of the organisation. He/She, and subsequently his or her successor, must demonstrate leadership by deciding on the strategic orientation of the company and by taking day-to-day operational decisions.

To counterbalance the unipersonal dimension of his or her power and to increase the competence of the management, the head of the company can usefully strengthen his or her leadership by surrounding himself or herself with external advisors and, if necessary, by establishing a management board. These advisors provide rigour, discipline and additional knowledge as well as skills to the company's decision-making process, provided that its composition is well structured and its functioning is monitored in substance and over time.

Principles of good governance

In this chapter, it is worth referring to the **Principles** set out in the General Code, as they are all, at different levels, relevant to this issue. An effective leader must demonstrate:

- **skills, integrity and impartiality**, which will be maintained and developed throughout his or her mandate;
- respect for the principle of **collegiality** in his or her interactions within the company and with stakeholders
- respect for the principles of corporate **sustainability** as well as those of **fairness** and inclusion in decision-making; and
- fulfilment of its obligations of **accountability** and **transparency**.

Good governance precepts

1.A Demarcation of powers- The head of the company, assisted by other members of management, is responsible for ensuring the long-term success and sustainable development of the company in accordance with the powers granted to him as head of the company by the articles of association and the mandate of the partners' meeting.

1.B Primacy of the corporate interest - The head of the company and the management text decisions in the corporate interest and not in their own interest or in the interest of

certain third parties. To determine the long-term interest of the company, they consider the interests of the partners (including minority partners), staff and other stakeholders (e.g. customers and suppliers) and take into account the environmental and social effects of their activities.

1.C Adequacy of the management - The head of the company should ensure that management is composed of members who collectively and individually possess the qualities and qualifications necessary for the successful management of the company, considering the benefits of diversity within a team. The company's management must have the skills, experience and integrity to fulfil its responsibilities. Similarly, it is essential that the organisation and procedures of management are clear and transparent, especially the way in which responsibilities are allocated among heads of the company and team members, decisions are made and promotions are conducted.

1.D Delegation of responsibility - The head of the company and management make official the delegation of responsibilities to staff members and ensure that the organisation of the company encourages responsibility and transparency among all staff.

1.E Succession planning - In order to ensure the continuity of the corporation, the succession of the head of the company and key management personnel must be considered. Therefore, the head of the company shall make sure that the company has succession plans set up for themselves and key management personnel.

In family-owned SMEs/VSEs, the issue of corporate continuity has a special significance, as family members are likely to inherit shares and may also claim a role in the governance and management of the business. Setting up adequate governance structures and starting the process of educating the next generation as early as possible can significantly improve the chances of survival of the company beyond the founder's generation. In such companies, succession plans should be set up according to the following precepts:

- a. the choice of the head of the company, regardless of their family affiliation, is made according to procedures recognised by the family members who are partners (defined, for example, in a family governance charter);
- b. potential successors who are family members are compelled to follow a career path (which may be external before being internal), enabling them to emerge in due course as competent and credible leaders of the functions intended for them; and
- c. in cases where potential successors do not have the age or experience to take over, the temporary use of professionals external to the family as leaders is considered.

1.F External advisers - In order to enhance the skills of management, it is to the advantage of the head of the company to make judicious use of professionals who are

not involved in the day-to-day running of the business to provide guidance or to cast a critical eye over the decisions and directions the head of the company intends to take.

External advisers meet simple criteria of competence, independence and lack of complacency. They are professionals recognised in their speciality, experts aware of the challenges facing the company and high-quality service providers.

The relationship of the head of the company with external advisers shall be structured around regular, organised and documented working sessions.

1.G Management board - To counterbalance the one-man operation of the business, the head of the company should establish a management board. The management board can take several forms:

- a. If the company has a single head of the company, who is also the head of the company, it can be an advisory body where the head of the company surrounds himself/herself with members of his/her management and/or external advisers whose opinions he/she seeks and listens to before taking decisions;
- b. if the company has several heads of the company, it may be a decision-making body of which they are the only members and where they jointly manage the company; or an advisory body where they are joined by members of the management or external advisers.

The powers of the management board are clearly stated and formalised, either in the company's articles of association (particularly in the case of joint heads of the company) or in an internal document, such as a charter, which is brought to the attention of the shareholders' meeting. In all cases, the head(s) of the company alone remains responsible for decisions vis-à-vis the partners and third parties.

1.H Composition of the management board - The management board shall be composed in such a way as to be able to carry out effectively the tasks for which it has been established. Its members are nominated on the basis of their competence, availability and absence of conflict of interest. Its composition also considers the strengths of diversity. It includes the management board, to whom may be added some key persons of the company, the other shareholders or some of them and, if possible, one or more external advisers; if the members of the management board receive payment for their participation in this board, this payment must be communicated to partners.

1.I Chairmanship and functioning of the management board - the management board is chaired by the head of the company. This board meets at his request on a regular basis and as often as his mission requires. Its meetings are subject to prior notice, planning and minutes. The functioning and performance of the Board in the areas for which it was established are regularly reviewed.



CHAPTER 2: CONTROL AND RISK MANAGEMENT

The ability to define and achieve strategic objectives, seize new opportunities and ensure sustainable value creation depends on the company's ability to identify, address and/or confront the risks to which it is or will be exposed.

The head of the company and the management team shall put in place effective structures, policies and procedures to identify, report, manage and monitor, through effective internal controls, the significant risks faced by the company. The absence of such controls can lead to a serious impact for the company.

Risk management and internal control are integrated into the strategy, business model and governance processes of the enterprise in order to achieve its objectives and control its operations.

Principles of good governance

In this chapter, the most relevant General Code principles are those relating to

- the **competence** that internal control and risk managers should have at the time of their nomination and maintain thereafter;
- the principles of **impartiality, equity, integrity** and **transparency**, which should guide the actions of internal control and risk managers in all circumstances;
- leadership **accountability**; and
- corporate **sustainability**, an ultimate goal to which the internal control and risk management functions will contribute.

Good Governance precepts

2.A Level of risk - Risks vary from one to another, but generally include strategic, financial, operational, organisational and reputational risks, as well as external risks such as changing economic circumstances, environmental or technological developments (e.g., information security, competitive threats with new business models).

The head of the company and management assess the level of risk the company is willing to take to achieve its strategic objectives.

2.B Risk management framework - In order to be successful, the handling of these issues by management should not prevent reasonable risk-taking, which is the basis of entrepreneurship and essential to the growth of the company. However, risk assessment

as part of the normal business planning process should lead to a better decision-making process and rapid management response when risks arise.

The head of the company and the management team shall ensure that a framework for risk management and internal control is established by management and that it is appropriate to the size and/or complexity of the company, as well as to its needs and the risks to which it is or will be exposed. He/she shall regularly monitor the adequacy and implementation of the system.

2.C Statutory auditors - The company has a statutory auditor in accordance with the law. The head of the company and the management are responsible for the choice or renewal of the statutory auditor, the modalities of his/her nomination and the duration of his/her mandate, the amount of his/her fees and the strict respect of the non-accumulation of auditing missions. They ensure the independence and objectivity of the statutory auditor and monitor situations of incompatibility that may arise during the year.



CHAPTER 3: REMUNERATION

Management and employee remuneration policies can have a significant impact on their conduct and performance. Particular attention should be paid to the design of these policies (which must include the performance evaluation procedures) and to their implementation.

Remuneration policies should be fair and provide incentives for individuals to act within their responsibilities and in the best interests of the company over time. The objectives upon which performance bonuses are paid should be designed in such a way that individuals are not tempted to take excessive risks or risks that are incompatible with the company's strategy or to behave unethically.

Principles of good governance

The most relevant General Code Principles in this area are those relating to:

- **Corporate sustainability**, which requires a long-term perspective in the distribution of rewards and compromises between the short and long term;
- **Equity, integrity, and collegiality and inclusion**, which require that those who have contributed to the company's success are compensated in a way that is commensurate with their contribution; and
- **Accountability and transparency**, which require the dissemination of sufficient information to enable stakeholders to judge the fairness and justice of the distribution of the fruits of success.

Good Governance precepts

3.A Remuneration policy - The head of the company should ensure that there are formalised salary policies, which apply to him or her, members of management and other staff. This includes ensuring transparency and disclosure of the basis on which remuneration is calculated. These policies are designed to:

- a. attract and retain talents needed; reward them based on the success and integrity of the company's operations;
- b. promote the achievement of strategic objectives consistent with the level of risk the company is willing to take and its standards of conduct; and
- c. promote the creation of sustainable value in the company and meet the long-term interests of the company.

3.B Management remuneration - The management remuneration policy shall describe the different components of the remuneration of its members and set an appropriate balance between fixed and variable remuneration. It lists the key performance indicators to be considered when determining the variable part of this salary, including indicators relating to the company's social, societal and environmental objectives. Management is actually remunerated on the basis of this policy and the achievement of these criteria.

3.C Employee incentives - Practices and mechanisms for coordination the head of the company and management shall implement a communication policy that aims at:

- a. paying necessary attention to the listening and satisfaction of colleagues;
- b. promoting staff participation in the drafting and implementation of certain corporate policies;
- c. basing recruitment and assignments solely on professional and human skills;
- d. Acknowledging negotiations within the company as an effective way of managing human resources, which ensures corporate sustainability; and
- e. Empowering the levels closest to the field of action in the decision-making process.

3.D Family members' remuneration - In a family-owned SME/VSE

- a. the family governance charter specifies the terms and conditions of remuneration for family members working in the company and ensures that the assets and income of family members are clearly distinguished from those of the company;
- b. the management remuneration policy is provided to the family council if it exists.



CHAPTER 4: CULTURE, VALUES AND ETHICS

Every company creates a culture based on a set of principles, conduct and signs or symbols, which provide the identity of the company, enables it to differentiate itself from its competitors and serves as a guide to support its long-term strategy.

It is essential that the company acknowledges the existence of this culture and, where necessary, the management promotes values and ethics that will be favourable to the growth and welfare of its employees as well as those of the entire community.

The moral, social and economic values to which the company should aspire, such as honesty, integrity, creativity, benevolence, cross-culture and respect for the environment, should be promoted through the dissemination and publication of a charter of values (or code of ethics). The company names conduct that it will not tolerate, whether they are illicit or inconsistent with its principles and business or detrimental to the company's image or interests.

Principles of good governance

The most relevant General Code Principles for this chapter are those concerning:

- **Collegiality**, which is the basic value that should govern meetings and exchanges in the company;
- **Integrity**, which must be practised by everyone in the company but also within the company's relations with its stakeholders and third parties;
- **equity and inclusion**, which, by prohibiting all undue discrimination, justifies the adoption of policies aimed at guaranteeing equal opportunities in the life of the company ;
- **Transparency**, which requires the investigation, disclosure and, where appropriate, punishment of misconduct within the company.

Good Governance precepts

4.A Corporate culture – the head of the company and management ensure that the corporate culture reflects the values to which the company abides by and aspires in the medium and long term. They ensure that the necessary measures are taken to this effect and that incentive mechanisms are in line with this culture.

4.B Charter of values- The values to which the company adheres to and aspires are the charter's focus (or code of ethics¹³) that is widely disseminated within the company. This charter specifies the commitments or rules of ethical conduct to be observed by the head of the company, the managing directors and the staff while carrying out their activities on behalf of the company. By their conduct, the head of the company and the managing directors set an example for all staff.

4.C Publication of the charter of values – The company should also make known all or some of its values to the public, by publishing this charter for instance and using it in its communication with third parties that it would like to convince to support their business namely investors, customers, job applicants, authorities, etc.

¹³ In 2004, GICAM adopted a Code of Ethics which could be used as an example and adapted to the context of corporate willing to adhere to the values formulated in it.



CHAPTER 5: DISSEMINATION OF INFORMATION

Partners and potential investors need access to comprehensive, regular and reliable information about the company to assess its leadership and performance. The inadequacy, irregularity or opacity of the information made available to them are contrary to the fair treatment of partners and may cost the company, the support of some partners and the arrival of new investors.

The transparent dissemination of information is also necessary to maintain the interest and goodwill of other stakeholders, whose continuation is essential for the company's long-term success and good reputation.

Principles of good governance

In terms of information dissemination, the most relevant General Code Principles are:

- the **sustainability** of the company, which, through the periodic provision of information on corporate operations and results, maintains the interest of its partners, attracts new investors and keeps the company stakeholders informed;
- the **equity**, which requires that third parties be treated equally in comparable situations;
- the **accountability** which obliges corporate managers to provide partners, and in some cases some stakeholders as well as regulators and supervisory authorities, with the information they need to play their role;
- the **transparency** dictating that company's communications are accurate, complete and timely.

Good governance precepts

5.A Public availability of information – The company has a policy and means to facilitate access to regularly updated information for partners and stakeholders. The information disseminated by the company varies according to the type of stakeholder and may refer to:

- its purpose and activities,
- its partners,
- its governance and its senior officials,
- its financial and non-financial performance,

- the risks it is exposed to,
- its remuneration policies, dividends and regulated agreements,
- the environmental and ethical standards it adheres to.

5.B Access of partners to information – The company shall ensure that partners have easy, simultaneous and non-discriminatory access to all the information referred to in principle 5. A. To this end, the company director may provide such information annually in a management report, for example.

5.C Accuracy and integrity of information – The company director and management ensure the accuracy and integrity of the financial and non-financial information the company disseminates.

5.D. Timeliness of information dissemination – The company director and the management shall jointly ensure that the dissemination of financial and non-financial information is timely so as to communicate it to the parties concerned. The company can do this for example by creating a website.

5.E. Informing the family – In a family-owned SME/PME/TPE/VSE, the information referred to in principle 5. A shall be made available to the signatories of the family governance charter and/or the family council.



CHAPTER 6: RELATIONS WITH PARTNERS

Acting in the long-term interests of the business requires that the company director and management take into account the views of all partners when making decisions, as well as the impact of those decisions on those partners and on the company's ability to achieve its long-term objectives. It is therefore important to ensure that all partners, regardless of the share size and origin of their shareholding, have an equal opportunity to access information, discuss with the company and express their opinion by voting at the general shareholders' meeting.

Principles of good governance

The most relevant Principles of Good Governance in this area are:

- **corporate sustainability** which implies keeping the partners informed by providing them with all the necessary information on the company's operations and results, and on the risks it faces or will face;
- **equity**, which requires that all partners receive equal treatment, regardless of their nationality or the size of their shareholding;
- **accountability**, which obliges the company's managers to report to the partners periodically and in a timely manner;
- **transparency**, which ensures that the company's communications to partners are always accurate, complete and timely.

Good Governance precepts

6.A Relation with partners – The company shall ensure that all partners, including minority and non-resident partners,

- are treated on an equal and fair basis,
- have transparent information (in particular on any transactions between the company and any of its management or board members such as related party transactions) and effective means to exercise their rights, and
- are able and motivated to participate in the general shareholders' meeting, using all means available to the company to facilitate their access.

6.B Dividend Policy – The company has a dividend policy that takes into account the impact it may have on the company's capital structure, future growth and value to creditors and partners.

6.C Dialogue with partners – The company director and the management shall ensure that a continuous dialogue is maintained with partners, by seeking to provide and receive relevant information to ensure the success and sustainability of the company and, where appropriate, to prepare with them for an orderly transfer of all or part of the shares and exit arrangements.

In family-owned SMEs/VSEs

6.D Family governance charter – Within Family-owned SMEs, it is important to distinguish between the social interest and the interest of the family.

In order to make it easier to distinguish between corporate and family interests, which may differ, it is useful for the family (and not the company) to adopt a family governance charter and, if necessary, to set up a family council. The adoption of the charter is preceded by a fair process of preparing and discussing the content of the charter. All these open options for each of the selected themes must be presented to the family beforehand, explaining their consequences in all areas (operational, legal, financial, patrimonial, fiscal) for all the partners and for each one individually.

A family governance charter sets out the objectives of the company and governs the relationship between family members and the company. It states, for example:

- a. the family vision of the company and its values;
- b. the distribution of shares;
- c. financial objectives;
- d. the remuneration of family members working in the family company;
- e. the management of the family company; and the procedures for choosing the next company director, whether or not he or she belongs to the family;
- f. the role of non-family members in the company;
- g. Establishing transparency in communication towards family members;
- h. conflict resolution involving one or more senior family representatives and/or the use of an external mediator; and
- i. Training of family members in corporate and management fields.

6.E The relevance of the family council – The family council – which should be distinguished from the management board – is relevant to provide a platform for communication, information and consultation within the family (not the company) that is useful for corporate sustainability.

Where appropriate, the family governance charter provides for the creation of a family council (separately from the management board) to further involve family members who are owners or hold different positions in the company and to monitor the implementation of the family governance charter. This structure is external to the company and may take the form of a holding, an Alumni Committee, an Association of Partners, etc.

6. F. Composition and competence of the family council – The family governance charter states:

- a. who is entitled to be a member of the family council and to convene it;

- b. how the chairperson is nominated;
- c. what issues are discussed by the council;
- d. what decision-making powers within the family (not the company) this body holds.

6. G. Operational procedure of the Family Council – Operational procedure of the Family Council – The Family Council meets formally as often as necessary and preferably at least twice a year. However, whenever important development prospects arise, such as a strategic reorientation, a proposed acquisition or disposal of activities or assets, or a significant assumption of additional risks, it is strongly advised to convene the family council to discuss and reach a consensus.

CHAPTER 7: STAKEHOLDER ENGAGEMENT

In addition to the partners, the company's stakeholders include its staff, customers, suppliers, bank and financial institutions, as well as public and local authorities. They each have an interest in the company's activities. Regular engagement with these stakeholders can help the company understand their views and concerns and provide the opportunity to explain the company's position in a positive way.

Principles of good governance

The Good Governance Principles most relevant to the company's stakeholder relations are:

- the **sustainability** of the company, which requires a thorough understanding of the commercial, ecological, economic, financial, legal and political environment of the company, to enable it to identify its opportunities and risks, define its strategy and clarify its responsibilities;
- **integrity**, which must be reflected in the company's relations with its stakeholders;
- **equity**, which prohibits improper discrimination and justifies the adoption of policies to ensure equal opportunities for stakeholders in their dealings with the company, and inclusion, which is intended to broaden the scope of the company's stakeholders;
- **transparency**, which, without imposing the disclosure of any information that could harm the company's competitive position, makes it possible to establish relationships based on trust, which is essential for the company's long-term success.

Good Governance precepts

7. A. Environmental and social impact of the company – The head of the company and management promote initiatives to protect the environment and improve the living conditions of their employees and the communities in which the company operates. They ensure that the company's strategy and policies take into account the potential environmental and social impact of its activities.

7.B. Continuous engagement with stakeholders – The head of the company and management shall ensure that a continuous dialogue is maintained between the company and its main stakeholders, especially employees, banks and financial institutions, customers, suppliers, public and local authorities and professional associations in the sector. To facilitate this process, an internal document is drawn up and kept up to date which specifies the principles and mechanisms for dialogue with these stakeholders, identifies the internal contacts responsible for these stakeholders and indicates the desirable frequency of contact, the deadlines for response, the methods of communication to be used, the cases of recourse to the hierarchical superior, the

obligations of accountability, follow-up and traceability, etc. The management board can help them to regularly monitor the implementation and quality of this dialogue.

7.C Employee consultation practices and mechanisms - In addition to the legal and regulatory requirements, the company has in place :

- a. a manual describing the principles and procedures of human resources management ;
- b. mechanisms for staff to raise concerns in confidence and, if they wish, anonymously. Where appropriate, the Board shall conduct proportionate and independent investigations into issues raised by staff and shall invite management to take appropriate follow-up action; and
- c. working time arrangements that facilitate staff engagement in initiatives that have a positive impact on the community, such as volunteering.

CHAPTER 8: TRANSFER OF THE COMPANY

In order to ensure the sustainability of the business, the question of its transfer must be a constant concern for the head of the business and, where appropriate, for the other owners of the business capital.

Family-run SMEs are particularly confronted with this problem when shares are dispersed within the family through inheritance.

Principles of good governance

The most relevant Principles of good governance in relation to the transfer of the company are the following

- the **sustainability** of the business, which will be facilitated by a pre-prepared and orderly transfer;
- **integrity** and **transparency**, which allow new owners to take over and continue the business with confidence, without fear of discovering illegal or unethical practices or hidden liabilities.

Good Governance precepts

8.A Preparing for the transfer - The business owner and/or the owner of the majority of the company's capital should start thinking about the transfer of the business early on, without waiting for deadlines, such as the retirement or death of the main head of the company or other events that would require a transfer in times of crisis or emergency. Firstly, it determines the transfer method that best corresponds to the priorities it deems to be paramount, in particular

- a. ensuring the growth and sustainability of the business ;
- b. to build up income or capital for the continuation of one's career or for retirement;
- c. to meet the needs and aspirations of family members.

8.B Choice of transfer method - In order to choose between an intra-family transfer, a transfer to a third-party buyer and a transfer to the company's personnel, the services of recognised professionals in the accounting, financial, legal and tax fields are called upon. In all cases, mainly for tax and inheritance reasons, it is essential to estimate the value of the business at the time of transfer. The choice is discussed in the family council (if there is one) and recorded in the family governance charter (if there is one). The company's employees are informed as soon as possible that a transfer is being prepared and that a choice has been made.

8.C Intra-family transfer - If the business owner opts for a transfer to one or more family members, he/she should preferably choose the one or more who have already proven:

- a. their interest and ambition for the business;
- b. their competence in the company's fields of activity;
- c. their ability to obtain the necessary financing for the company's growth:

- d. their reputation in the business world; and
- e. their ability to manage or to identify and control the management of the business.

Family members who are reserved heirs but are not chosen are compensated.

8.D Transfer to a third-party transferee - To transfer the business to a transferee, the owner announces his intention to do so in an advertisement that is sufficiently comprehensive and attractive to attract bids and sufficiently discreet not to alarm stakeholders. The advertisement is disseminated through the most appropriate personal and professional networks or through a business transfer specialist. Contacts and negotiations with potential buyers require the sharing of sensitive information about the business, the confidentiality of which is protected by a comprehensive written agreement. The choice of the buyer is made according to the criteria that the owner has selected and prioritised early in the transfer process.

8.E Transfer to the company's personnel - The transfer of the company to its personnel involves partners who know the company from the inside and are committed to its sustainability. It is done by transfer, simple donation or shared donation (in the latter case, the owner's heirs receive a share of the company's profits). Even in the case of a simple donation, the donors cannot dispense with a thorough inventory and a serious evaluation. In the event of a transfer, the staff is brought together in a holding company to obtain the necessary loan financing or in a cooperative society.

8.F Transfer and retention of the owner - Retention of the owner after the transfer can be useful for the transition from the old to the new owner, especially in relation to stakeholders. It is a matter for special negotiation. The head of the company who owns the business or the majority of its capital may also wish to retain control of the business for a certain period of time after the transfer: in this case, he or she may, among other things, transfer the shares in dismemberment, by transferring only the bare ownership and retaining the usufruct.

DECISION-MAKING AND REPRESENTATION BODIES

The statutory bodies of GICAM are :

1 The General Assembly

The supreme body of the Organisation, it is made up of all the members and meets once (01) in ordinary session.

2 The Board of Directors

The Board of Directors, the executive body of GICAM, is elected for a period of three (3) years by the General Assembly and meets once (01) a month. It is responsible for defining the general policy, the strategic vision of the organisation and the implementation of its program.

3 The President of the Board of Directors

He presides over the functioning of the Organisation and has the widest powers granted to him by the law, the statutes and the internal regulations, to act on behalf of the Group in relation to third parties.

4 The Executive Board

The Executive Board is the permanent administrative body of GICAM and is responsible for carrying out the GICAM's missions in accordance with the policies laid down by the Board of Directors. Headed by an Executive Director, it participates in the formulation of guidelines for the development of activities and the promotion of the values advocated by the organisation.

5 The committees

The ten (10) committees of GICAM are assisted by the departments of the Executive Board, which act as rapporteurs. Each committee is made up of volunteer members.

The committee are as follows :

- Fiscal, parafiscal and customs committee
- Digital Economy committee
- Economy and Business Development committee
- SMEs and Private Sector Financing committee
- Social, Employment and Skills Acquisition committee
- International Affairs and Diaspora Relations committee
- «Improving the Business Environment» committee
- Governance, Ethics and CSR committee
- Legal Affairs, Litigation and Regulation committee
- Women's Entrepreneurship committee

The committees are frameworks for meetings and consultations in which company representatives rub shoulders with their peers, inform themselves, share their experiences, analyse situations and make proposals.

Partager les expériences,
pour rester compétitif



Performance - Solidarité - Responsabilité

