

## CORPORATE GOVERNANCE

(The information contained in this document was last reviewed on 13 July 2020)

### Introduction

The Board of PME African Infrastructure Opportunities plc (the “Company”) fully endorses the importance of good corporate governance and applies the QCA Corporate Governance Code, published in April 2018 by the Quoted Companies Alliance (the “QCA Code”), which the Board believes to be the most appropriate recognised governance code for a company of the Company’s size with shares previously admitted to trading on the AIM market of the London Stock Exchange. This is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK and which provides the Company with the framework to help ensure that a strong level of governance is maintained.

### QCA Code - Governance Principles

The QCA code is constructed around 10 broad principles of corporate governance. These principles are as follows:

<b>DELIVER GROWTH</b>	
1.	Establish a strategy and business model which promote long-term value for shareholders
2.	Seek to understand and meet shareholder needs and expectations
3.	Take into account wider stakeholder and social responsibilities and their implications for long-term success
4.	Embed effective risk management, considering both opportunities and threats, throughout the organisation
<b>MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK</b>	
5.	Maintain the board as a well-functioning, balanced team led by the chair
6.	Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities
7.	Evaluate board performance based on clear and relevant objectives, seeking continuous improvement
8.	Promote a corporate culture that is based on ethical values and behaviours
9.	Maintain governance structures and processes that are fit for purpose and support good decision-making by the board
<b>BUILD TRUST</b>	
10.	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other stakeholders

## **Chairman's corporate governance statement**

### **Dear Shareholder**

In March 2018, the London Stock Exchange introduced a new rule applicable to PME as a company admitted to trading on AIM. Pursuant to this change to the AIM Rules for Companies, effective 28 September 2018, we are now required to adopt a recognised corporate governance code and to provide disclosures on our website and/or annual report explaining how the company complies with its chosen recognised corporate governance code and, where it departs from the provisions of the code, the explanation for doing so.

Toward the end of April 2018, the Quoted Companies Alliance released a new and fully updated QCA Corporate Governance Code. This Code seems the most appropriate for us as it is practical and tailored to smaller companies. Some of the principles are more applicable to longer term growth, which as you know is not relevant to us as we are in realisation mode, however we have considered them and based our disclosures on our current circumstances.

The Company delisted from AIM on 17 April 2020 but still intends to comply with the Code.

The Company does not have any employees; therefore it is reliant on contracted service providers to perform the day-to day operations. We as a Board review their performance on a regular basis to ensure that a good standard of corporate governance is being followed and that internal controls are being adhered to. We engage professionals who have their own internal procedures which outline the manner in which they must conduct themselves.

I am ever mindful of the need to ensure that we keep you regularly informed on the progress of the realisation of the Company's assets. With only one remaining assets, materiality is low and anything of significance would be released to the website. Our main method of keeping you informed is my Chairman's statement in the interim and annual report. The notice for the 2019 AGM was posted to shareholders on 18 October 2019. This took place at 11am on 29 November 2019.

**Paul Macdonald**  
Chairman

## **WEBSITE DISCLOSURES**

The QCA Code requires us to apply the ten principles and publish certain disclosures in our annual report and also on our website. Our website disclosures are as follows:

### **Principle 2 – Seek to understand and meet shareholder needs and expectations**

#### Disclosure

Explain the ways in which the company seeks to engage with the shareholders and how successful this has been. This should include information on those responsible for shareholder liaison or specification of the point of contact for such matters.

The annual report and interim report are sent to all shareholders and copies can be downloaded from the Investor Relations section of the Company's website ([www.pmeinfrastructure.com](http://www.pmeinfrastructure.com)). All AGM notices, EGM notices and circulars that have been sent to shareholders can be found under Related Documents in the Investor Relations section of the Company's website.

On 19 October 2012 the shareholders approved the change in the company's investing policy to realise the assets and the Company provides updates on its progress in the annual report and interim report.

Paul Macdonald is the key contact for the major shareholders and both directors are willing to engage with shareholders should they have a concern that is not resolved through the normal channels.

The company secretary can also be contacted by shareholders on matters of governance and investor relations.

To request any meetings please contact: [alerts.iom@MainstreamGroup.com](mailto:alerts.iom@MainstreamGroup.com)

### **Principle 3 – Take into account wider stakeholder and social responsibilities and their implications with long-term success**

#### Disclosure

Explain how the business model identifies the key resources and relationships on which the business relies.

Explain how the company obtains feedback from stakeholders and the actions that have been generated as a result of this feedback (e.g. changes to inputs or improvements to products).

The group's stakeholders include shareholders, advisers, regulators and creditors.

The management engagement committee monitors the parties contracted to the group, the terms of their remuneration and their performance. The audit committee considers the risks to the Company and the key parties relied on in assessing and monitoring those risks.

The principal way in which feedback is gathered from the stakeholders is via meetings and conversations. The Board is regularly updated on feedback to stay abreast of issues and to enable the Board to understand and consider these issues in decision-making.

**Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Disclosure

Include a more detailed description of the board performance evaluation process/cycle adopted by the company. This should include a summary of:

- The criteria against which board, committee, and individual effectiveness is considered; and
- How often board evaluations take place.

Explain how the company approaches succession planning and the processes by which it determines board and other senior management appointments, including any links to the board evaluation process.

In February 2020 the Board reviewed the performance of the directors as a unit to ensure that the members of the Board collectively function in an efficient and productive manner. This review will be performed on an annual basis going forward.

As there are only two directors the performance evaluation cannot be done on an anonymous basis. The following areas were covered by the review:

- Assess how well the board is addressing the key business risks and adhering to internal controls;
- Assess the progress made in realising the assets and returning the net proceeds to shareholders;
- Understanding of the viewpoint of the Company's shareholders;
- Reduction of ongoing operating costs where possible;
- Compliance with legislation and regulations;
- Sufficient succession planning;
- Performance of roles of committees;
- Director's self-assessment of awareness of current issues faced by the Company;
- Personal development requirements and ensuring they are satisfied; and
- Level and quality of information provided by service providers.

All board members were asked to complete questionnaires at the end of 2019 providing a rating (on a scale of 1-4) across a variety of criteria. Completed questionnaires were then submitted to the company secretary who, where necessary, sought clarification on the responses given. The responses were collated and consolidated so that the board could have an open follow-up discussion at its board meeting in February 2020. No areas were identified requiring improvement as it was noted that the directors rely on their advisers where required.

The board have created a strategy document which is updated on a quarterly basis. This summarises the current proposals that the Board has for the future conduct of the Company's affairs and the realisation of its one remaining asset so that the Company is wound down in an orderly manner and funds are returned to shareholders so that should anything happen to one or both of the Executive Directors, the strategy is documented and can be considered and updated where required by the new Directors.

**Principle 8 – Promote a corporate culture that is based on ethical values and behaviours**

Disclosure

Explain how the board ensures that the company has the means to determine that ethical values and behaviours are recognised and respected.

The Board aims to lead by example and do what is in the best interests of the Company. Service providers engaged to assist with the day-to-day administration of the group are professionals with good track records with their own internal controls and procedures outlining clear policies for acceptable behaviour. The management engagement committee meets on a regular basis to discuss all contracted service providers and any issues (if any) with their conduct and service.

**Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

Disclosure

In addition to the high level explanation of the application of the QCA Code set out in the chair's corporate governance statement:

- Describe the roles and responsibilities of the chair, chief executive and any other directors who have specific individual responsibilities or remits (e.g. for engagement with shareholders or other stakeholder groups).
- Describe the roles of any committees (e.g. audit, remuneration and nomination committees) setting out any terms of reference and matters reserved by the board for its consideration.
- Describe which matters are reserved for the board.

**The Board**

The Board comprises two Executive Directors. The Executive Directors are responsible for overseeing the effectiveness of the internal controls of the Company. These are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable and that the assets of the Company are safeguarded. Following the termination of the investment manager of the Company in July 2012 the Executive Directors also took on the responsibility of managing the remaining assets of the Company.

Mr Macdonald, as Chairman, is responsible for leading an effective board, fostering a good corporate governance culture, maintaining open communications with the major shareholders and ensuring appropriate strategic focus and direction.

## **Roles and Responsibilities**

The Board as a whole is responsible for the Company's objectives and policies and the proper governance of the Company. It normally meets four times a year but also convenes at additional times when required.

The Board monitors the operating and financial results against plans and budgets, assesses the adequacy of risk management systems and monitors their application and ensures that the Company's obligations to its shareholders and others are understood and met.

The Company maintains Directors' and officers' liability insurance which is reviewed annually to ensure that cover is held at an appropriate level.

## **Board Committees**

The Board has created and delegated certain specific areas of responsibility to three standing committees.

### Audit Committee

The Audit Committee is chaired by Mr Kearns with Mr Macdonald as the other member. The Audit Committee formally meets at least twice a year and is responsible for ensuring that the financial performance of the Company is properly monitored and reported. This process includes reviews of annual and interim accounts, results announcements, internal control systems, procedures and accounting policies.

### Remuneration Committee

The Remuneration Committee is chaired by Mr Kearns with Mr Macdonald as the other member. The Remuneration Committee is responsible for any required framework for the remuneration of the Executive Directors. The fees payable to the Chairman and the fees payable to other Directors have been set. The Board of Directors undertakes, and will ensure, that no payment of value (whether by way of compensation, gift or otherwise) is made or received by the Board, PME or any other project company or their respective shareholders, officers, employees or affiliates which would improperly induce preferential treatment for these individuals or entities.

### Management Engagement Committee

The Management Engagement Committee is chaired by Mr Kearns with Mr Macdonald as the other member. The Management Engagement Committee is responsible for reviewing the performance of service providers and to ensure that the Company's contracts with such parties are competitive and reasonable for the Company's shareholders. The terms of reference for the audit, remuneration and management engagement committees can be found on the company's website in the corporate governance section (<http://www.pmeinfrastructure.com/corporate-governance/>).

## **Matters reserved for the Board**

The Board has a formal schedule of matters reserved for its review and approval as follows:

- Management structure and appointments
- Board, Company Secretary and third party service providers appointments or removals
- Board training, development and appraisal
- Remuneration contracts for Board members and the Company's service providers
- Delegation of the Board's powers
- Agreeing membership and terms of reference of board committees and task forces
- Strategic/Policy considerations
- Agreement of codes of ethics and business practices
- Receipt and review of regular reports on internal controls
- Annual assessment of significant risks and effectiveness of internal controls
- Finance including fund raising, credit facilities, treasury policies and operating budgets
- Final approval of interim and annual report and accounting policies
- Appointment of auditors
- Approval and recommendation of dividends or return of capital/tenders
- Monitoring the performance of third party service providers

### **Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

#### Disclosure

Disclose the outcomes of all votes in a clear and transparent manner.

Where a significant proportion of votes (e.g. 20% of independent votes) have been cast against a resolution at any general meeting, the company should include, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

The Company communicates with shareholders through the Interim and Annual Accounts, the Annual General Meeting and one-to-one meetings with large existing shareholders. A range of corporate information is also available to shareholders and the public on the Company's corporate website [www.pmeinfrastructure.com](http://www.pmeinfrastructure.com).

If as significant proportion of votes were ever cast against a resolution, the Company would, on a timely basis, provide an explanation of what actions it intend to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

## Annual Report Disclosures

The table below provides details of our annual report disclosures as required under the QCA Code.

Corporate Governance Principle	Disclosure	Location
1.	Explain the company's business model and strategy, including key challenges in their execution (and how those will be addressed).	2019 annual report p2-4; p6
4.	Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	2018 annual report p6-8
5.	Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	2019 annual report p8-9
	Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).	2019 annual report p9
	Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.	2019 annual report p9
6.	Identify each director.	2019 annual report p7
	Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.	2019 annual report p7-8

Corporate Governance Principle	Disclosure	Location
6. (cont)	<p>Explain how each director keeps his/her skillset up-to-date.</p> <p>Where the board or committee has sought external advice on any significant matter, this must be described and explained.</p> <p>Where external advisers to the board or any of its committees have been engaged, explain their role.</p> <p>Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.</p>	<p>2019 annual report p9</p> <p>2019 annual report p9</p> <p>2019 annual report p9</p> <p>2019 annual report p9</p>
7.	<p>Include a high-level explanation of the board performance effectiveness process.</p> <p>Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.</p>	<p>2019 annual report p9-10</p> <p>2019 annual report p10</p>
8.	<p>Include in the chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.</p>	<p>2019 annual report p6; Page 2 of this corporate governance document</p>
10.	<p>Describe the work of any board committees undertaken during the year.</p> <p>Include an audit committee report (or equivalent report if such committee is not in place).</p>	<p>2019 annual report p7-8 for Roles of committees. Terms of reference can be found on website.</p> <p>2019 annual report p11</p>

Corporate Governance Principle	Disclosure	Location
10. (cont)	<p>Include a remuneration committee report (or equivalent report if such a committee is not in place).</p> <p>If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.</p>	<p>2019 annual report p13</p> <p>N/A</p>