



**Kwacha Access Finance Limited  
Board Charter**

## **Board Charter**

**Company Name:** Kwacha Access Finance Limited

**Effective Date:** 1 April 2025

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### **1. Introduction**

This Charter governs the roles, responsibilities, composition, and processes of the Board of Directors ("the Board") of Kwacha Access Finance Limited ("the Company"), ensuring compliance with the Microfinance Act of Malawi, Malawi Corporate Governance Code, and international best practices (e.g., OECD Principles of Corporate Governance).

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### **2. Purpose of the Board**

- Provide strategic direction and oversight to achieve long-term sustainability.
  - Ensure compliance with legal, regulatory, and ethical standards.
  - Protect the interests of stakeholders, including shareholders, customers, employees, and regulators.
  - Foster a culture of transparency, accountability, and social responsibility.
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### **3. Board Composition**

- **Minimum Composition:**
  - At least 5 Non-Executive Directors (with a majority independent).
  - Gender Diversity: At least 30% representation of either gender.
- **Chairperson:**
  - Must be an Independent Non-Executive Director.
  - Term limit: Maximum 9 years (3 terms of 3 years each).
- **Appointment Process:**
  - Directors nominated by the Governance and Human Capital Committee, approved by the Board, and ratified by the Registrar of Microfinance Institutions.
  - New Directors undergo induction training within 30 days of appointment.
- **Termination Process:**

- This will be done as per provisions indicated in the MEMARTS and Code of Ethics.

#### **4. Responsibilities of the Board**

##### **1. Strategic Oversight:**

- Approve 3–5-year strategic plans and annual budgets.
- Review progress against KPIs quarterly.

##### **2. Financial Stewardship:**

- Ensure accurate financial reporting (aligned with **IFRS**).
- Approve dividends and capital allocation.

##### **3. Risk Management:**

- Oversee the Risk and Compliance Committee to implement a Risk Management Framework (including cybersecurity and climate risks).
- Review emerging risks biannually.

##### **4. Governance:**

- Approve policies (e.g., Anti-Money Laundering, Data Privacy).
- Monitor adherence to the Code of Ethics.

##### **5. Stakeholder Engagement:**

- Disclose material issues to stakeholders via annual integrated reports.
- Address customer complaints through the Social Impact Committee.

## 5. Board Committees

Each committee operates under a Board-approved charter and reports quarterly to the Board:

| Committee                             | Key Responsibilities   | Composition                                    |
|---------------------------------------|--|--|
| <b>Governance &amp; Human Capital</b> | Director nominations, succession planning, Board evaluation, CEO performance review. | 3 Non-Executive Directors (Independent Chair). |
| <b>Finance &amp; Audit</b>            | Oversee financial reporting, internal controls, external auditor independence.       | 3 Members (Majority independent).              |
| <b>Credit</b>                         | Approve credit policies, portfolio quality, and write-offs.                          | CEO, CFO, 3 Independent Directors.             |
| <b>Risk &amp; Compliance</b>          | Monitor regulatory compliance (e.g., Microfinance Act), risk appetite.               | 3 Members.                                     |
| <b>Social Impact</b>                  | Track ESG initiatives, customer protection, and community development programs.      | 3 Members.                                     |

## 6. Meetings : Main Board and Committees

- **Frequency:**
  - Board: Minimum 4 meetings/year (quarterly + ad hoc for urgent matters).
  - Committees: Meet at least quarterly.
- **Quorum:**
  - Physical/Virtual: At least 50% + 1 of Directors. (2 members for Committees)
  - Decisions: Majority vote; Chairperson has casting vote if tied.
  - Chairperson is the person chairing the Meeting in the absence of the appointed Chair.
- **Agenda:**
  - Distributed 7 days in advance with supporting documents. (Or within the same week if Committee Meetings held in that period)

- Include CEO report, financials, risk updates, and committee summaries.
- **Minutes:**
  - Signed by the Chairperson and archived by the Corporate Secretary for 10 years.

## **7. Director Conduct**

- **Code of Ethics:**
    - Prohibit insider trading, conflicts of interest, and gifts exceeding \$500 value.
    - Mandate annual disclosure of external interests.
  - **Conflicts of Interest:**
    - Affected Directors recuse themselves from related discussions/voting.
    - Maintain a Conflict of Interest Register (managed by Company Secretary).
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## **8. Board Evaluation**

- Internal: Annual self-assessment covering Board dynamics, strategy oversight, and committee effectiveness.
  - External: Independent review every 3 years, with findings reported to shareholders.
  - Remediation: Action plans for gaps (e.g., training, composition changes).
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## **9. Review of Charter**

- Reviewed annually by the Governance Committee.
  - Amendments require Board approval and filing with the Registrar.
  - Major changes communicated to shareholders via website disclosure and AGM notices.
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## **10. Other Requirements**

- Director Induction & Training: Mandatory training on microfinance regulations, ESG, and digital transformation.
- Stakeholder Engagement: Annual stakeholder forums to gather feedback.
- Whistleblowing & Ethics Hotline: Anonymous reporting channel managed by the Audit Committee.

- Technology Oversight: Board to review IT governance and cybersecurity posture biannually.
- Succession Planning: Maintain a CEO/director succession pipeline (updated annually).

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**Approved By:**

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**Chairperson**

**Date:**

**Attested By:**

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**Company Secretary**

**Date:**