



## **Corporate Governance for Butterfly Properties Ltd.**

Butterfly Properties Ltd. and its Board of Directors have adopted a set of strict guidelines to assist in exercise of strong corporate governance. The responsibility of providing effective governance to the affairs of Butterfly Properties Ltd. is taken very seriously to benefit the long-term viability of the company and its stakeholders. Controlling rather than reacting to the environment is what we want to achieve with our governance, and one that demands a formal planning procedure incorporating effective action planning and implementation. Finally, the integrity, ethics and values of our company are of the utmost importance and are not just ideas but built into the DNA of our Company.

The four core areas of focus are:

- Strategy
- Performance
- Compliance
- Accountability

The implementation of clear strategy setting, planning and monitoring and adaptation to the changing business environment is a critical element of good governance. The importance of good planning is that it helps the organization clearly set the objectives, strategies, and actions, timeframes and performance indicators, for a period and provides a means to monitor performance of the organization.

### **Strategy - Risk**

Proactive and ongoing risk assessment and management of strategic and operational risks is essential to avoid or minimize the consequences of undesirable events and take advantage of new opportunities.

Clear authority and responsibility have been established for the creation and maintenance of a security and contingency plans. It focuses attention on what can go wrong (which include many items of corporate governance); identifies how the problems can be minimized or entirely designed out; and revisits the information system to ensure that early detection is possible.

### **Strategy - Financial Planning and Budgeting**

Financial viability is essential if an organization is to meet its ongoing financial obligations, facilitate continuance of its activities and pursue its objectives. Preparation of financial planning and budgeting is essential to underpin strategic and annual business planning to ensure financial resources will be sufficient to achieve desired organizational outcomes.

### **Strategy - Stakeholder Management**

Consultation with key stakeholders is an essential feature of good governance enabling the stakeholders to understand our objectives and strategies and vice versa.

We want to create an environment of mutual respect and trust with our stakeholders which will ultimately maximize the benefits of our relationships.



Our main stakeholders include:

- Banks and Funding organizations
- Local Government
- The community within which we operate
- Businesses with whom we deal with, including, customers, suppliers, and service organizations
- Members of Butterfly Properties Ltd.

### **Strategic Human Resource Planning – Building a Fantastic Team**

We have very robust human resource capabilities – gleaned from our sister company which employs over 1,800 people both local and expatriate. Effective recruitment and retention of suitably skilled and qualified personnel is paramount to our high-tech approach to construction. We pride ourselves in providing above-market salaries and benefits, a strong commitment to work-safety and a challenging working environment. Each member of the organization has been assigned clear responsibilities in order to maximize performance. This allows to limit duplication of work, shifting of blame and delays. Accountability is tantamount.

Management is continually looking for ways and means to increase the skills and abilities of each department in order to drive competitive advantages through the maintenance and development of core competences.

A team-based approach is always used which we feel will generate better returns than the reliance on single individuals to effectively complete projects on time, budget and specification. This also allows a project to continue its expected timeline even if members drop-out for any reason.

### **Performance - Leadership and Ethics**

The highest standards of integrity, ethics and values are set and expected by the Board. These principals are upheld in all the functions of our company from the quality of our buildings, conservative accounting guidelines, work safety, through to our corporate social responsibility. Championed by our founders, these fundamental tenants are sacred to our company.

### **Performance - Financial and Operational**

We have established performance goals - financial and operational - for the Company and key individuals together with a system to monitor and report on achievement against those goals. With regular monitoring we can respond effectively to the ever changing monetary and fiscal environments of East Africa in pursuit of organizational objectives and desired outcomes.

### **Compliance - Regulatory and Contractual Obligations**

We have implemented of a clear and unambiguous regulatory and contractual framework in relation to roles, responsibilities and accountabilities and decision making focusing on financial viability and sustainability in the long term. This process helps us to respond in a timely and appropriate manner to continue to comply with existing legal requirements and emerging requirements be they loan covenants, government regulations etc.



## **Compliance - Policies and Procedures including Delegations**

To improve our controls, we have regular scheduled management meetings which include:

- A formal agenda
- Supporting documentation
- Formal voting
- Records of the meeting decisions

We have implemented appropriate operating policies and procedures to cover such matters as:

- Ethical behavior
- Financial management, including financial transactions and reporting;
- Tendering, contracts and procurement
- Fraud control
- Human resource management
- Information Technology management
- Media and public relations
- Occupational Health and Safety
- Risk Management
- Stakeholder management and relations.

## **Accountability - Financial and Operational Management and Reporting**

We have ensured the implementation of fundamental business processes to provide access to timely, relevant and reliable financial and operational (non-financial) information using conservative and accurate accounting guidelines. Internal and external audit checks are carried out routinely to ensure the accuracy of the information.

Sound financial management is embraced in various disciplines including financial reporting, budgeting and asset management, and oversight of financial performance, underpinned by robust systems and controls. Operational monitoring is similarly controlled.

Timely reporting allows us to assess the performance of a project or our Company and assists in making the correct decisions quickly.

Reports incorporate:

- Actual achievements vs. budgeted targets
- Comprehensive data but not too complex as to confuse the key issues
- An agreed format for reporting
- Information on a monthly and annual basis

*Corporate Governance is considered as the glue that holds our enterprise together, both internally and externally*