



NCBA GROUP PLC

BOARD CHARTER

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A. BACKGROUND

1. Definitions

	Title	Meaning
1.1	AGM	Annual General Meeting of the Company.
1.2	Board	Board of Directors of the Company, being a group of persons appointed by the Shareholders of the Company to jointly supervise the Company's activities.
1.3	Board Charter / Charter	Charter of Corporate Governance in relation to the Board as contained in this document, which outlines the role and responsibilities of the Board, powers of the Board, various Board Committees and their roles, separation of roles between the Board and management and related Board policies and practices.
1.4	CBK	Central Bank of Kenya.
1.5	CMA	Capital Markets Authority.
1.6	Committee	Committee of the Board which consists of members appointed by the Board (and approved by Shareholders where applicable) and mandated to carry out specified functions, programs, or initiatives assigned by the Board.
1.7	Company	NCBA Group PLC.
1.8	Conflict of Interest	Situations in which a Director may have direct or indirect, private or personal interest in a matter which is sufficient to directly or indirectly influence, or has the potential to directly or indirectly influence, the objective exercise of the Director's official or professional duties or the making of impartial judgment in a matter concerning the Company.

1.9 Corporate Governance	Processes and structures for the direction and management of the business and affairs of the Company towards enhancing business prosperity, sustainability and corporate accountability with the ultimate objective of upholding and realising long-term stakeholder value.
1.10 Director(s)	Board Director(s) of the Company and, where applicable, the Alternate Director(s) appointed by them or, as the case may be, the Directors assembled as a Board made up of persons occupying the position (or appointed to office) in line with the Articles of Association of the Company. Each Director, whether a body corporate or a natural person, may have only one Alternate Director.
1.11 Diversity	The state of having different skills, backgrounds, experience, age, nationality, independence and knowledge among the Directors for the broad and objective application of experience and expertise in business management as well as representation of various stakeholder interests in Company decisions.
1.12 Executive Director	A Director in full employment (salaried) of the Company, and involved in the Company's day-to-day operations.
1.13 Fiduciary Duty	The duties enumerated under Sections 142 to 147 of the Companies Act, 2015 and such other duties identified as fiduciary duties under this Charter, applicable laws, regulations, guidelines and codes of Corporate Governance in Kenya.
1.14 Governance Audit	An independent assessment to determine the degree of adherence to good Corporate Governance practices.
1.15 Group / NCBA Group	Either singularly or collectively: NCBA Group PLC and all its direct and indirect subsidiaries.
1.16 Group Chairman	Chairman of the Company's Board of Directors.

1.17	Group Company Secretary	Secretary of the Group, being the person appointed by the Board and charged with the responsibility for oversight of the official documents of the Group and guidance on Corporate Governance matters.
1.18	Group Managing Director (GMD)	The Group Managing Director / Chief Executive Officer with the primary responsibility for the strategic and operational management of the Group.
1.19	Head of Finance	Group Director, Finance or equivalent officer of the Company.
1.20	Independence	Independence within the meaning ascribed in part A on Background, sub-section 2.4.3 of this Charter.
1.21	Independent	Independent within the meaning ascribed in part B on Governance Structure, sub-section 2.2 of this Charter.
1.22	Internal Controls	The process effected by the Board, management and other personnel, designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.
1.23	Legal and Compliance Audit	An independent assessment to determine the degree of adherence to the Laws of Kenya.
1.24	Non-Executive Director	A Director of the Company who is not involved in the day to day management of the Company's operations and who is not an employee of the Company.
1.25	Other General Meeting	A general meeting of shareholders other than the Annual General Meeting.
1.26	PLC	Public Limited Company.
1.27	Policies & Procedures / Practices	Policies and procedures / practices applicable to the Company from time to time as adopted.

1.28	Security / Securities	Equity, debt or other security / securities of any kind of the Company.
1.29	Shareholder	Holder of shares in the Company.
1.30	Skills Matrix	The set of attributes required to be possessed collectively by the Board in relation to knowledge, skills, behaviours and qualifications that are aligned to the business and strategy of the Company.
1.31	Stakeholder	Persons with an interest or concern, whether direct or indirect, in the affairs of the Company.
1.32	Sustainability	The pursuit of abundance through conducting the Company's operations in a manner that meets existing and future needs, while preserving and protecting resources through a balanced approach that does not compromise future resource availability and societal well-being.
1.33	Work Plan	Document setting out the activities to be undertaken by the Board over a specified period of time.

2. Introduction

- 2.1 The Objective of NCBA Group PLC is to generate sustainable stakeholder value over the long term through observing the Group's Vision, ***To be the Financial Services Partner that Inspires Your Growth***, by effectively managing not only its financial, but also the governance, social and environmental aspects of its activities and hence generating a return on the Stakeholders' financial and social capital invested in it over and above the cost of that capital.
- 2.2 The Company, operating under a Group structure with a number of subsidiaries in Africa, offers diversified financial solutions to its clients.
- 2.3 The Board of the Company regards Corporate Governance as key to the success of the Group's business and is unreservedly committed to applying the values and principles necessary to ensure that good governance and ethical behaviour is practiced in all of its business dealings in respect of its stakeholders, characterised by effective and responsible leadership, accountability, fairness, probity and integrity, transparency and efficiency, effectiveness and sustainability of the Group's activities.
- 2.4 The Central Bank of Kenya and the Capital Markets Authority have outlined several characteristics of good corporate governance, key among which are:
- 2.4.1 **Discipline:** the commitment by a company's Board Directors and Senior Management to adhere to behaviour that is universally recognised and accepted to be correct and proper;
- 2.4.2 **Transparency:** the ease with which an outsider is able to make meaningful analysis of a company's actions, its economic fundamentals and the non-financial aspects pertinent to that business;
- 2.4.3 **Independence:** the extent to which mechanisms have been put in place to minimise or avoid potential conflicts of interest that may exist, such as dominance by a strong chief executive officer or large shareholder;
- 2.4.4 **Accountability:** individuals or groups in a company, who make decisions and take actions on specific issues, need to be accountable for their decisions and actions;
- 2.4.5 **Responsibility:** with regard to management, responsibility pertains to behaviour that allows for corrective action and for penalising

mismanagement. Responsible management would, when necessary, put in place adequate measures to set the company on the right path. While the Board is accountable to the company, it must act responsively to and with responsibility towards all Stakeholders of the company;

2.4.6 **Fairness:** the systems that exist within the company must be balanced in taking into account all those that have an interest in the company and its future. The rights of various groups have to be acknowledged and respected; and

2.4.7 **Social responsibility:** a well-managed company will be aware of, and responsive to, social issues, placing a high priority on ethical standards.

2.5 The key values that the Group will uphold at all times are **Driven, Open, Responsive and Trusted.**

2.6 The Company's Board therefore:

- Works with commitment to promote strategic management excellence;
- Succeeds by working together;
- Takes collective responsibility for all its decisions and actions;
- Treats all with fairness and respect;
- Strives to ensure continuous improvement through the exercise of focused intelligence;
- Acts with integrity in all it does; and
- Seeks to constantly innovate and create value.

2.7 The Board is further committed to identifying, recognising and upholding the legitimate interests of various stakeholders as outlined in its Stakeholder Relations Policy.

2.8 In adhering to the responsibilities and principles set out in this Charter, the Board is expected to perform its duties with integrity, honesty, competence, diligence, courage and independence.

2.9 This Charter has been developed with reference to the Corporate Governance requirements outlined within the Central Bank of Kenya (CBK) Prudential Guidelines (the CBK Guidelines), the Capital Markets Authority

(CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 and related national and international best practices including but not limited to adopted principles of the King IV Code on Corporate Governance. The Charter should be read together with the Group Corporate Governance Policy Framework which provides additional guidance and policy statements in relation to the Group's Corporate Governance practices.

- 2.10 In the event that the provisions of this Charter are in conflict with the abovementioned codes and guidelines, or any other applicable national laws, codes, regulations or prudential guidelines on Governance matters, the laws, codes, regulations or prudential guidelines shall prevail.
- 2.11 Whereas the Group Board Charter will serve as the guiding document for subsidiary and affiliate companies (related companies), the Board recognises the potential need for slightly differentiated governance structures and practices within related companies on account of their unique business needs and regulatory requirements. As such, the related company Boards shall develop their own Board Charters (aligned to this Charter), taking into account the laws and regulatory guidelines issued by the respective country or sector regulators.
- 2.12 The Board shall review and assess the adequacy of this Charter and its Committees' Charters / Terms of Reference at least annually and make any necessary or desirable amendments to ensure they remain consistent with the Company's objectives, current laws and governance best practice.
- 2.13 This Charter sets out the key governance principles adopted by the Board in governing the Group's operations.

3. Statement of Good Governance

- 3.1 In the process of pursuing the overriding corporate objective of optimising value to the stakeholders, the Board will endeavour to ensure long-term viability of its business and effective management of relationships with all stakeholders.
- 3.2 The Board recognises that it is accountable to shareholders and other stakeholders for ensuring that the Group complies with applicable laws, regulations and codes and in applying the highest standards of Corporate Governance and business ethics.
- 3.3 The Board is therefore committed to fostering a culture that values good

governance and high ethical behaviour in the Group's operations for sustainable long-term performance and value creation.

3.4 In this regard, the Board is committed to formulating policies, procedures and guidelines, which ensure that all Board Members and management are fully aware of their duties and responsibilities and that all decisions are made in accordance with prudent business practices and take into account the legitimate interests and expectations of the Group's stakeholders in a responsible, accountable, fair and transparent manner.

3.5 Board Members shall therefore act in the best interest of the Group and uphold their fiduciary duties as well as regulatory corporate governance responsibilities as required under the laws and regulations in Kenya. In this regard, each Board Member shall at all times, exercise due and reasonable care, skill, diligence and independent judgment; avoiding any conflict of interest as outlined under the Group's Conflict of Interest Policy and Group Code of Conduct and Ethics.

B. GOVERNANCE STRUCTURE

1. Introduction

1.1 The principal role of the Board is to formulate and oversee the implementation of the Group's strategic objectives, risk strategy, Corporate Governance and corporate values in order to achieve the Group's mission and/or vision.

1.2 In giving the overall strategic direction, the Board shall develop and ensure implementation of policies for the purposes of delivering long-term sustainable stakeholder value within a framework of effective Internal Controls.

1.3 In discharging its role and responsibilities, the Board shall take into consideration the legitimate interests of all the Group's stakeholders.

1.4 The Board shall also establish and be satisfied with the Group's organisational structure to enable it and Senior Management carry out their responsibilities effectively, while at the same time promoting good governance.

1.5 The Board shall further demonstrate ethical leadership and promote a culture of accountability, transparency, fairness and integrity.

2. Composition of the Board

- 2.1 The Board is composed so as to allow effective decision-making and supervision of executive management in consideration of the nature and structure of the Group's business.
- 2.2 The Board shall have a minimum of five (5) and, in accordance with the Articles of Association, a maximum of fifteen (15) Board Members, (excluding Alternate Directors).
- 2.3 The Board shall ensure that its number is neither too large to undermine interactive discussions during Board meetings, nor too small as to compromise the inclusion of wider expertise and skills to improve its effectiveness.
- 2.4 The Board believes that as a matter of policy and to enable adequate representation, equitable treatment and protection of the rights of minority shareholders, there should be a substantial number of Independent Non-Executive Directors on the Board and shall therefore maintain a minimum of at least one-third Independent Non-Executive Directors. The presence of Independent Non-Executive Directors will reflect the investment in the Group by Shareholders other than the significant Shareholders, and they shall be persons with sufficient strength of character and who are able to articulate in a manner that will inform prudent Board decisions. An Independent Board member is one who:
 - 2.4.1 Has not been employed by the Group in an executive capacity within the last five years;
 - 2.4.2 Is not associated with an adviser or consultant to the Group or a member of the Group's senior management or a significant customer or supplier of the Group or with a not-for-profit entity that receives significant contributions from the Group; or within the last five years, has not had any business relationship with the Group (other than service as a Director) for which the Group has been required to make disclosure;
 - 2.4.3 Has no personal service contract with the Group, or a member of the Group's senior management;
 - 2.4.4 Is not employed by a public listed company at which an executive officer of the Group serves as a Director;
 - 2.4.5 Is not a member of the immediate family of any person described above, or has not had any of the relationships described above with any affiliate of the company;

- 2.4.6 Is not a representative of a shareholder who has the ability to control or significantly influence management;
 - 2.4.7 Is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner;
 - 2.4.8 Does not have a direct or indirect interest in the Group which is either material to the Director or to the Group. A holding of five percent or more is considered material;
 - 2.4.9 Does not hold Cross - Directorships or significant links with other Directors through involvement in other companies or bodies external to the Group; whereby one Director serves as an Executive Director of Company A and as a Non-Executive Director in Company B and, at the same time, another Director serves as an Executive Director of Company B and as a Non-Executive Director at Company A, hence negating the independence of the two Directors in the Boards of both companies; and
 - 2.4.10 Has not served for more than nine years since they were first elected.
- 2.5 Each independent Director will notify the Group Chairman, as soon as practicable, of any event, situation or condition that may affect the Board's evaluation of his or her independence; and the Board shall determine who the independent members are on an annual basis.
- 2.6 Non-Executive Directors, including Independent Directors will make up no less than two-thirds of the Board. The Board will annually disclose to shareholders compliance with this requirement and submit a report on whether or not the Board's composition adequately satisfies the representation of the minority shareholders.
- 2.7 The Board shall comprise of individuals with a balance of skills, diversity and expertise and who collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the Group. In this regard, the Board shall establish a Group Diversity and Inclusivity Policy as well as a Skills Matrix, all of which will form part of the criteria for Board nominations.

3. Nominations

- 3.1 The Board is responsible for identifying its members and recommending them for election by the shareholders, who are ultimately responsible for the appointment of Directors to the Board.
- 3.2 The Board delegates the screening process to the Governance and Nominations Committee, which is composed mainly of Independent and Non-Executive Board Members; and which will also consider recommendations on appointments from other Directors and the Shareholders.
- 3.3 The qualification criteria and procedures for nomination and appointment of Alternate Board Directors shall be the same as that required in the appointment of a substantive Board Director, subject to body corporates being non-eligible for appointment as Alternate Directors.
- 3.4 The Governance and Nominations Committee, through a formal and transparent procedure for the appointment of Directors to the Board that is based on the Group Diversity and Inclusivity Policy and Skills Matrix indicating the required skills mix, experience, knowledge and other diversity criteria, is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of this Charter and the Vision and Objectives of the Company.
- 3.5 Final approval of a candidate is determined by the full Board.
- 3.6 In assessing potential new Directors, the Committee considers individuals from various disciplines, diverse backgrounds and gender representation.
- 3.7 Whenever appointments to the Board are required to be made, the Committee shall invite nominations using any appropriate method and specifying the qualifications required.
- 3.8 The Committee shall consider candidates based upon various minimum criteria, including but not limited to:
 - 3.8.1 Academic qualifications (including Professional qualifications where applicable);
 - 3.8.2 Broad - based business or professional skills and experiences that indicate whether the candidate will be able to make a significant and immediate contribution to the Board's discussion and decision-making in the array of complex issues facing the Group;

- 3.8.3 Exhibited behaviour that indicates he or she is committed to the highest ethical standards and the values of the Group;
 - 3.8.4 Special skills, expertise, and background that add to and complement the range of skills, expertise, and background of the existing Directors;
 - 3.8.5 Whether the candidate will facilitate achievement of Board diversity in relation to age, race, gender, nationality, academic qualifications, industry knowledge and professional experience;
 - 3.8.6 Whether the candidate will effectively, consistently, and appropriately take into account and balance the legitimate interests and concerns of all shareholders and other stakeholders in reaching decisions;
 - 3.8.7 Willingness to engage in constructive discussion with other Board members;
 - 3.8.8 Fortitude to make tough decisions;
 - 3.8.9 A global business and social perspective;
 - 3.8.10 Personal integrity and sound judgment;
 - 3.8.11 Candidates must not be persons in competitive and partisan politics; and
 - 3.8.12 Candidates must have time available to devote to Board activities and to enhance their knowledge of the Group's business activities as well as the local, regional and global best business practices.
- 3.9 To assist in the identification and evaluation of qualified Director candidates, the Board may utilise the services of external consultants as is considered appropriate.
- 3.10 The Governance and Nominations Committee will review the membership criteria annually and modify them as appropriate.

4. Regulatory Authority Vetting

The Board shall ensure that, before any appointment is formalised, the names of all nominees, whether Executive or Non-Executive, are forwarded to CBK and any other applicable regulatory body for vetting and approval.

5. Appointments

- 5.1 The invitation to join the Board shall be extended to new Directors by the Board through the Group Chairman. A formal letter, setting out the terms of appointment as either an executive, non-executive, or independent non-executive Director, will be issued and will cover the following:
 - 5.1.1 Appointment period;
 - 5.1.2 Expected time commitment;
 - 5.1.3 Roles and responsibilities;
 - 5.1.4 Fees and Allowances;
 - 5.1.5 Declaration of outside interests;
 - 5.1.6 Confidentiality;
 - 5.1.7 Induction process; and
 - 5.1.8 Performance evaluation process.
- 5.2 Directors shall accept such appointment in writing.
- 5.3 Prior to formal appointment, Directors shall declare any Conflict of Interest, and thereafter as circumstances dictate.
- 5.4 The Board, through the Group Company Secretary, shall maintain a register of Directors' holdings of shares and debentures of the Company and its related companies for inspection at every Annual General Meeting as required by the Companies Act.
- 5.5 The Board has power under the Articles of Association to appoint a person to fill a casual vacancy or as an additional Director subject to a proposal and vetting by the Governance and Nominations Committee and as set out under part B, section 4 above. In accordance with the provisions of the Articles of Association of the Company, Directors appointed by the Board in this manner will retire and may stand for election by Shareholders at the Annual General Meeting following their appointment.
- 5.6 Board Members shall not be required to hold any shares to qualify for appointment.

6. Term Limits

- 6.1 The Articles of Association of the Company set a term limit of three (3) years for each Director and requires one third of all Directors – excluding the

Executive Directors - being the longest serving Directors, to retire at each AGM. Retiring Directors are eligible to be re-elected.

- 6.2 An Independent Non-Executive Director shall not serve a term of longer than nine (9) consecutive or cumulative years in that capacity but may, at the expiry of such term, assume the role of a Non-Executive Director.
- 6.3 The Board shall at all times ensure that a succession plan is in place for Directors who are due for retirement and replacement.

7. Alternate Directors

- 7.1 An Alternate Director may be nominated by the substantive Director and shall be subjected to vetting by the Governance and Nominations Committee using similar criteria for the nomination of substantive Directors.
- 7.2 Alternate Directors shall also be subject to vetting by the CBK and any other applicable regulatory body.
- 7.3 An Alternate Director shall be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him/her is not personally present; and to perform all functions of his/her appointer as a Director in his/her absence, including that of being counted as part of a quorum at any such meeting.
- 7.4 An Alternate Director shall cease to be an Alternate Director if his/her appointer ceases, for any reason, to be a Director or where the appointer discharges his/her alternate from duty.
- 7.5 Every appointment and removal of an Alternate Director shall be effected by notice in writing to the Group under the hand of the Director making or revoking such appointment.

8. Resignation/Removal of Board Members

- 8.1 In line with, and in addition to article 7.13 of the Company's Articles of Association, the office of a Director shall be vacated if the Director:
 - 8.1.1 Is removed from office pursuant to section 139 of the Companies Act 2015 by way of an ordinary resolution of the company at a meeting;
 - 8.1.2 Ceases to be or is prohibited from being a Director by virtue of any provision of the Companies Act, 2015, Part 6 of the Insolvency Act, 2015, the Banking Act, Chapter 488 or any other relevant law;

- 8.1.3 Becomes bankrupt or makes an arrangement or composition with his creditors generally;
- 8.1.4 Is convicted of an offence involving dishonesty or fraud;
- 8.1.5 Becomes prohibited or disqualified from being a Director by reason of any order made under the Companies Act 2015, the Banking Act or the Central Bank of Kenya Prudential Guidelines, the Capital Markets Act or any other applicable regulatory guidelines;
- 8.1.6 Becomes of unsound mind;
- 8.1.7 Resigns from office by notice in writing to the company;
- 8.1.8 Has been absent, without the permission of the Board, for two consecutive meetings of the Board or six months, whichever is longer and the Board resolves that his office should be vacated;
- 8.1.9 Breaches the Directors' Code of Conduct and Ethics;
- 8.1.10 Fails to attend at least 75% of the Board meetings annually in the absence of exceptional circumstances and the approval of the Group Chairman;
- 8.1.11 Fails to perform effectively as a Director as evidenced in the annual performance evaluation and refuses or neglects to develop or upgrade their skills or competencies; or
- 8.1.12 Breaches any other criteria as shall be determined by the Board.
- 8.2 In addition to the above, a Director may be removed if he or she has been adversely mentioned in any matter that is associated to fraud, gross misconduct, criminal act or any unethical or other conduct that may affect the reputation of the Group.
- 8.3 The Board shall ensure that the resignation and/or removal of a Board Member is reported to CBK, CMA, NSE, the Registrar of Companies and any other applicable regulatory body immediately or as soon as practically reasonable but not later than within seven (7) days.
- 8.4 The resignation by a serving Board Member together with the detailed circumstances necessitating the resignation should be adequately disclosed:
 - 8.4.1 in two (or such other requirement as stipulated under the laws of Kenya) Newspapers with national reach immediately it happens;

8.4.2 in the Company's website immediately it happens; and

8.4.3 in the annual report at the end of the financial year.

9. Directors' Change of Status

The Governance and Nominations Committee will be responsible for reviewing any changes in status or affiliation of current Board members and recommending action, if any, to be taken by the Board in such cases. This is particularly where the basis for originally selecting the individual has significantly changed or no longer exists. It also provides an opportunity for the Committee to consider the desirability of a Director's continued service on the Board.

10. Other Directorships

10.1 On appointment, and annually thereafter, Directors will be required to complete a Personal Declaration Form indicating external directorships held and any positions or business relationships that may result in a conflict of interest with the Group's business.

10.2 No Director of the Group will be permitted to hold the position of a Director in any other institution licensed under the banking regulator, unless the said institutions are subsidiaries of the Group.

10.3 To ensure effective participation in the Board, the Chairman of the Board of Directors of the Company, a listed entity, shall not hold such position in more than two public listed entities at any one time.

10.4 A Non-Executive Director of the Group shall not hold such position in more than three public listed companies at any one time.

10.5 An Executive Director of the Group shall be restricted from holding similar position in another listed company and shall refrain from taking up similar position in any other company where such appointment or uptake will affect his or her commitment and responsibilities to the Company.

10.6 Before accepting an additional Board position in an unlisted entity, a Director of the Group should consider whether the acceptance of the new Directorship will compromise the ability to perform present responsibilities at the Group or present a conflict of interest. It is expected that Directors will inform and consult the Group Chairman prior to accepting a seat on the Board of another entity.

10.7 The Board, through the Governance and Nominations Committee, will review appointments for service on other boards by members of the Group, prior to their acceptance of those appointments. This review may be delegated to a Board Committee of a subsidiary of the Group, or to the Group Managing Director.

11. Committees of the Board

11.1 To effectively discharge its mandate, the Board shall, by resolution, establish Committees with specific Terms of Reference which will be reviewed periodically.

11.2 The Committees of the Board shall consist of a balanced mix of Non-Executive, Independent Non-Executive and, where permitted, Executive Directors.

11.3 Management and external service providers, or other subject matter experts, may attend by invitation as circumstances necessitate.

11.4 From time to time, the Board may desire to form a new Committee, or disband a current Committee, depending upon the business requirements and circumstances and with consideration of the CBK Prudential Guidelines, CMA Regulations and any other applicable regulatory requirements.

11.5 The Board Committees' Terms of Reference shall set out, at a minimum, the objectives, delegated authority, operations and reporting mechanism to the Board.

11.6 The following principles will be considered when creating Committees:

11.6.1 Delegating authority to Board Committees or management does not in any way mitigate or dissipate the discharge by the Board of its duties and responsibilities;

11.6.2 There shall be transparency and full disclosure from the Board Committees to the Board, except where the Committee has been mandated otherwise by the Board;

11.6.3 Board Committees will observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise;

11.6.4 Board Committees will have a clear purpose (included in the Committee Charter or Terms of Reference) and there shall be no conflict of interest among its members;

- 11.6.5 Board Committees shall have a minimum of three members;
- 11.6.6 Non-Executive Directors should be appointed as the Chairpersons of each Committee. Notwithstanding this, the Chairpersons of the Governance and Nominations and Audit Committees shall always be Independent Directors;
- 11.6.7 The Chairman of each Committee may invite Company executives whose duties correspond to the Committee's area of concern;
- 11.6.8 If necessary, Committees may enrol experts with required professional skills relevant to the work of the particular Committee;
- 11.6.9 Each Non-Executive Director should participate in at least one Committee; and
- 11.6.10 On an annual basis, each Committee shall review its Charter or Terms of Reference and present any modifications to the Board for approval.
- 11.7 The Board shall establish the following Committees for the Company:
 - 11.7.1 Board Audit and Risk Committee;
 - 11.7.2 Board Governance and Nominations Committee;
 - 11.7.3 Board Executive and Strategy Committee; and
 - 11.7.4 Board Information and Communication Technology Committee.
- 11.8 The Board may establish such other Committees as required to deal with any matters requiring focused attention.
- 11.9 The Chairpersons of all Board Committees shall be appointed by the Board through the Group Chairman and the Chairpersons shall be Non-Executive Directors.
- 11.10 The members of the Audit and Risk Committee shall be approved by Shareholders during the Company's Annual General Meeting.
- 11.11 At least one member of the Audit and Risk Committee shall have accounting expertise or experience in the field of finance and be a member of the Institute of Certified Public Accountants of Kenya (ICPAK) or an equivalent institute recognised by the East African Community member states, or an

equivalent international institute recognised by ICPAK and such member shall be in good standing.

- 11.12 Alternate Directors shall not serve as members of the Audit and Risk Committee.
- 11.13 The Board Committees shall be appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them.
- 11.14 The quorum for Board Committee meetings shall be no less than half the members, or the next whole number of the half where the membership comprises an odd number.
- 11.15 The Board may, from time to time, rotate Board Members between Committees.
- 11.16 The Group Chairman is responsible, with consideration of the desires of individual Board members, for the assignment of Board members to various Committees. Generally, the Board at its first meeting of the year elects the members of each Committee.
- 11.17 Whereas consideration is given to rotating Committee members periodically, the Board does not require that such rotation should be mandated as a policy, since there may be reasons at a given point in time to maintain an individual Director's Committee membership for a longer period.
- 11.18 The Board Committees shall report to the Board and the Board remains collectively responsible for the decisions and actions taken by any Committee.
- 11.19 A Board Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board.
- 11.20 There shall be transparency and full disclosure from the Committees to the Board, except where the Committee has been mandated otherwise by the Board.
- 11.21 The Chairperson of each Board Committee, in consultation with the Board, shall determine the frequency of Committee meetings as is necessary to fulfil their functions.
- 11.22 The Chairperson of each Board Committee, in consultation with the Group Company Secretary, shall develop the Committee's agenda.

- 11.23 The Committees of the Board may take independent professional advice at the Group's expense in matters where the Committee deems the advice to be necessary in order to guide sound and informed decision-making in the interest of the Group.
- 11.24 The Board shall ensure that Committees of the Board do not infringe on the operational responsibility of the management team as this could negatively impact on the operation of the Company.
- 11.25 Save for matters reserved for approval by the full Board, resolutions of Board Committees shall not require further ratification by the Board prior to implementation by Management.
- 11.26 The Board shall periodically review the mandate and structure of the Committees.
- 11.27 The Board shall annually review the effectiveness and performance of each Committee.

12. Board Chairman

- 12.1 The Chairman shall be a Non-Executive Director, elected by the Board, and shall not be involved in the day to day running of business in order to ensure effective oversight over the Company.
- 12.2 The Chairman's main responsibility shall be to provide overall leadership to the Board and shall be responsible for ensuring the smooth functioning of the Board, an appropriate governance structure and inculcating a positive culture in the Board.
- 12.3 The Chairman shall ensure Board decisions are taken on a sound and well-informed basis, including setting its agenda to ensure that adequate time is available for substantive discussion on strategy and performance.
- 12.4 The Chairman, working closely with the Group Managing Director and Group Company Secretary, is also responsible for ensuring that the Board receives accurate, timely and high-quality supporting information about the Group's performance at appropriate intervals and in an appropriate manner to enable the Board to make sound decisions, monitor effectively and provide advice to promote the success of the Group.
- 12.5 The Chairman's responsibilities shall also include the following:
- 12.5.1 Establish procedures to govern the Board's work;

- 12.5.2 Organise and present the agenda for regular or special Board meetings based on input from the Directors;
- 12.5.3 Ensure proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of management's proposals;
- 12.5.4 Ensure adequate lead time for effective study and discussion of business under consideration;
- 12.5.5 Manage the Board to ensure that sufficient time is allowed for discussion of complex or contentious issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for Board discussions;
- 12.5.6 Help the Board fulfil the goals it sets by assigning specific tasks to members of the Board;
- 12.5.7 Ensure effective communication with shareholders and ensure that the members of the Board develop an understanding of the views of major investors;
- 12.5.8 Take the lead in providing a properly constructed induction programme for new Directors that is comprehensive, formal and tailored, facilitated by the Group Company Secretary;
- 12.5.9 Take the lead in identifying and meeting the immediate and continuous professional development needs of individual Directors, with the Group Company Secretary having a key role in facilitating provision;
- 12.5.10 Ensure that the performance of individuals and of the Board as a whole and its Committees is evaluated at least once a year;
- 12.5.11 Encourage active engagement by all members of the Board;
- 12.5.12 Ensure the Board's full discharge of its duties as described in this Charter;
- 12.5.13 Together with the Group Managing Director, represent the Group to external interest groups including shareholders; and
- 12.5.14 Carry out other duties as requested by the Board as a whole, depending on need and circumstances.

- 12.6 The Chairman will facilitate, encourage and expect the informed and critical contribution of the Board Members in discussion and decision-taking, particularly on matters of risk and strategy, and will promote effective communication between Executive and Non-Executive Board Members.
- 12.7 The Board may also elect a Deputy Chairman, who will deputise and support the Chairman in respect of the responsibilities and authorities conferred upon him.
- 12.8 The Board will immediately, or as soon as reasonably practical but not later than within seven (7) days, inform CBK, CMA, the Registrar of Companies and any other applicable authority in the event that the Chairman vacates office, and the reasons for such exit.

13. Group Managing Director

- 13.1 The Board has delegated the responsibility for the day-to-day management of the Group to the Group Managing Director, who is responsible for leading the Executive Directors and for formulating and implementing operational decisions.
- 13.2 More specifically, the Group Managing Director shall bear the following responsibilities:
 - 13.2.1 Foster a corporate culture that promotes ethical practices, encourages individual integrity, and fulfils social responsibility;
 - 13.2.2 Maintain a positive and ethical work climate that is conducive to attracting, retaining, and motivating a diverse group of top-quality employees at all levels;
 - 13.2.3 Develop and recommend to the Board a long-term strategy and vision for the Group that leads to the creation of shareholder value;
 - 13.2.4 Develop and recommend to the Board annual business plans and budgets that support the Group's long-term strategy;
 - 13.2.5 Ensure that the day-to-day business affairs of the Group are appropriately managed;
 - 13.2.6 Consistently strive to achieve the Group's financial and operating goals and objectives;
 - 13.2.7 Ensure continuous improvement in the quality and value of the products and services provided by the Group;

- 13.2.8 Ensure that the Group achieves and maintains a satisfactory competitive position locally, regionally and internationally;
 - 13.2.9 Ensure that the Group has an effective management team below the level of the Group Managing Director, and has an active plan for its development and succession;
 - 13.2.10 Ensure, together with the Board, that there is an effective succession plan in place for the Group Managing Director position;
 - 13.2.11 Formulate and oversee the implementation of major corporate policies; and
 - 13.2.12 Act as the Group's Brand Ambassador by serving as its chief spokesperson.
- 13.3 The Group Managing Director together with the Group Chairman and the Group Company Secretary will regularly review the Board's and the Group's governance processes with a view to ensuring that they are fit for purpose and recommend or develop initiatives to strengthen the governance of the Group.

14. Company Secretary

- 14.1 The Board shall be assisted by a suitably qualified, competent and experienced Company Secretary.
- 14.2 The Group Company Secretary shall be appointed by the Board and be empowered to efficiently and effectively execute his/her duties and responsibilities.
- 14.3 The Group Company Secretary shall be, at all times, of good professional standing with the Institute of Certified Secretaries of Kenya (ICS-K).
- 14.4 The principal duties of the Group Company Secretary will be to:
 - 14.4.1 Work with the Group Chairman and Group Managing Director in preparing the agenda for Board meetings as well as Annual and Other General Meetings;
 - 14.4.2 Prepare a work plan setting out the activities planned for each financial year. The work plan will cover among others, the timings for regular Board and Committee meetings, the AGM, special projects and principal areas of focus;

- 14.4.3 Ensure the timely preparation and circulation of the Board and Committee minutes, and other relevant papers;
- 14.4.4 Provide a central source of guidance and advice to the Board, and within the Group, on legal, regulatory, ethics and good governance matters;
- 14.4.5 Provide the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the company;
- 14.4.6 Facilitate induction training for new Directors and assist with Directors' professional development as required. This includes identifying and facilitating on-going Board professional development;
- 14.4.7 Under the direction of the Group Chairman, ensure timely flow of information within the Board and its Committees and between Senior Management and Non-Executive Directors. This includes the timeliness of compilation and distribution of Board papers and minutes and communication of resolutions from Board meetings;
- 14.4.8 Assist the Group Chairman in ensuring that regular assessments on the effectiveness of the Board and its Committees, as well as the contribution of individual Directors, are carried out;
- 14.4.9 Ensure that the Group complies with corporate governance matters under regulations having the force of law and maintain statutory books and registers in accordance with legal requirements;
- 14.4.10 Guide the Group in taking the initiative to not only disclose corporate governance matters required under the regulations having the force of law, but also those of material importance to the decision-making of institutional investors, shareholders, customers and other stakeholders;
- 14.4.11 Ensure that the Group maintains a register of declared conflicts of interest;
- 14.4.12 Coordinate the annual governance audit process;
- 14.4.13 Maintain custody of the Company's Seal, account to the Board for its use and maintain a record of its use;
- 14.4.14 Facilitate effective communication between the Group and Shareholders;

14.4.15 File all statutory returns and maintain statutory registers as required under the Companies Act, 2015 or any other applicable law or regulation;

14.4.16 Schedule meetings of the full Board and work with Committee Chairpersons to co-ordinate the schedule of meetings for Committees; and

14.4.17 Act as a liaison between the Board and Management.

C. POWERS, ROLE, RESPONSIBILITIES AND PRACTICES OF THE BOARD

1. Powers, Roles and Responsibilities of the Board

1.1 The Board is responsible for creating and delivering sustainable stakeholder value and ensuring that the interests of stakeholders are protected.

1.2 The Board determines the strategic objectives and policies of the Group to deliver long-term value.

1.3 In this regard and in order to be effective, the Board should demonstrate ethical leadership and promote the Group's collective vision, purpose, values, culture and behaviour.

1.4 In particular, the Board has the overall responsibility for, and power to:

1.4.1 Define the Company's strategy, mission, vision, purpose, core values, business goals and objectives;

1.4.2 Ensure that the strategy is aligned with the purpose of the Group and the legitimate interests and expectations of its shareholders and other stakeholders;

1.4.3 Define the Sustainability goals of the Group and ensure that the strategy of the Group is aligned to the long term goals on Sustainability;

1.4.4 Ensure that the Group has adequate resources to enable it achieve its strategy;

1.4.5 Monitor the corporate performance and strategies at least on a quarterly basis and approve interim and annual financial statements and budgets;

1.4.6 Ensure the development of, and approve, Company policies;

- 1.4.7 Oversee corporate management, operations and major capital expenditures;
- 1.4.8 Identify corporate business opportunities and ensure the implementation of an effective risk management framework for the identification of principal risks in the operating environment, including the implementation of appropriate measures to manage such risks or anticipated changes impacting the Group;
- 1.4.9 Approve the organisation structure and ensure that it facilitates effective decision making and good governance, and develop appropriate staffing and remuneration policies including the appointment of the Group Managing Director and other senior staff, and setting out a framework for delegation of power and responsibilities;
- 1.4.10 Set clear objectives and policies covering all aspects of operations within which senior Management shall operate, thereby regulating the manner in which the business is conducted;
- 1.4.11 Ensure an effective Internal Control system and review on a regular basis the adequacy and integrity of the Group's Internal Control, acquisition and divestitures and management information systems;
- 1.4.12 Establish and implement a system that provides necessary information to the shareholders, including a Stakeholder Relations Policy for the Group;
- 1.4.13 Monitor the effectiveness of the Corporate Governance practices under which the Group operates and propose revisions as may be required from time to time;
- 1.4.14 Oversee regulatory compliance including observing laws, regulations and prudential guidelines;
- 1.4.15 Establish the Group's corporate culture and values and ensure observation of the same including appropriate ethical standards and the Group Code of Conduct and Ethics;
- 1.4.16 Oversee the implementation of key policies pertaining to the Group's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations;
- 1.4.17 Determine the dividend policy and the amount and timing of dividends to be paid;

- 1.4.18 Nominate suitable candidates for appointment as new Directors into the Group Board of Directors and subsidiary companies' Boards of Directors and recommend the compensation structure and practices for the members of the Board for approval by the shareholders;
- 1.4.19 Review related party transactions to assess risk and ensure they are disclosed and subjected to appropriate restrictions;
- 1.4.20 Approve significant changes in accounting policy and practice;
- 1.4.21 Ensure the implementation of appropriate IT systems to support effective and efficient achievement of the Group's strategic objectives;
- 1.4.22 Approve significant commitments, transactions, expenditures, write-offs and settlement of litigation or claims against the Group exceeding the limits delegated to BESC and as defined in the Group's Authority Devolution Matrix;
- 1.4.23 Promote a positive image of the Group; and
- 1.4.24 In furtherance of its duties, the Board may take in independent professional advice, if necessary, at the Group's expense.

1.5 Shareholder Relations:

- 1.5.1 The Board shall endeavour to familiarise itself with issues of concern to shareholders, with appropriate disclosures to be made in the Annual Report; and
- 1.5.2 The Board will provide oversight of reporting to shareholders on the direction, governance and performance of the Group as well as other processes that need reporting and other disclosure requirements.

1.6 Corporate Governance:

The Board has the overall responsibility for adequate Corporate Governance across the Group and shall ensure that all subsidiaries adopt governance policies and mechanisms appropriate for its structure, business and risks. In this regard, the Board shall:

- 1.6.1 Exercise adequate oversight over the Group's subsidiaries while respecting the independent legal and governance responsibilities of the subsidiary Boards;
- 1.6.2 Set and approve a Corporate Governance Framework for the Group;

- 1.6.3 Ensure that each subsidiary has adequate resources to meet both Group standards and domestic law governance requirements;
- 1.6.4 Ensure the development of such Group wide policies that are desirable for application across the subsidiaries so as to drive uniformity and embed an appropriate Group corporate culture; and
- 1.6.5 Put in place measures to ensure that each subsidiary complies with all applicable governance requirements.

2. Matters Reserved for the Board

The Board is responsible for the stewardship of the Group in discharging its obligations. In this regard, the Board assumes responsibility for the following areas:

2.1 Oversight:

- 2.1.1 Retain full and effective control over the Group, and monitor management in implementing Board plans and strategies;
- 2.1.2 Ensure that a comprehensive system of policies and procedures is operative and which shall be established in a manner that will maintain and ensure Directors' independence;
- 2.1.3 Identify and monitor non-financial aspects relevant to the business;
- 2.1.4 Ensure regular review and monitoring of the adequacy and integrity of the Group's internal controls;
- 2.1.5 Ensure ethical behaviour and compliance with the Constitution of Kenya, relevant laws and regulations, applicable national and international standards, audit and accounting principles, internal policies and development of a Group Code of Conduct and Ethics;
- 2.1.6 Strive to act above and beyond the minimum role requirements, and benchmark performance against international best practices for the purposes of not simply being seen to comply, but to actually comply in practice;
- 2.1.7 Define levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management, and instituting effective mechanisms that ensure Board responsibility for Management's performance of its functions;

- 2.1.8 Act responsibly towards the Group's relevant stakeholders;
- 2.1.9 Be aware of, and commit to, the underlying principles of good governance;
- 2.1.10 Reviewing the strategic direction of the Group and adoption of business plans proposed by Management for the achievement thereof;
- 2.1.11 Approving specific financial and non-financial objectives and policies proposed by Management;
- 2.1.12 Reviewing processes for the identification and management of business risk and processes for compliance with key regulatory and legal areas;
- 2.1.13 Delegating authority for lending, provisioning and write-off limits, capital expenditure, investment, capital, and funding proposals reserved for Board approval;
- 2.1.14 Reviewing succession planning for the management team and making senior executive appointments, organisational changes and high level remuneration issues; and
- 2.1.15 Providing oversight of performance against set targets and overall objectives.

2.2 Strategy and Management:

- 2.2.1 Approval of the Group's objectives, strategic plans, the Group Mission and/or Vision;
- 2.2.2 Approvals of the annual business plans, performance targets and operating and capital expenditure budgets, and any material changes to them; and
- 2.2.3 The Board will at least once in every three years, examine the corporate strategy, its own vision and values and develop a Board strategic plan to attain its vision and the corporate strategy, including formal strategies to promote sustainability with attention given to Environmental, Social and Governance aspects of the business.

- 2.3 Financial Reporting and Control:
 - 2.3.1 Approval of periodic statements, reports and accounts, including those relating to Corporate Governance, financial position, dividend policy and significant changes in accounting policies or practices;
 - 2.3.2 Approval of material capital or operating expenditures;
 - 2.3.3 Approval of provisions, write-offs and write-downs involving amounts reserved for the Board's approval; and
 - 2.3.4 The recommendation to Shareholders of any increase, reduction or alteration to the share capital of the Group and the allotment, issue or other disposal of shares of the Group.
- 2.4 Internal Controls and Risk Management:
 - 2.4.1 Approving the Group's overall risk appetite, risk tolerance, key risk limits, risk strategy and risk control framework;
 - 2.4.2 Setting up an independent risk management and compliance function and ensuring management maintains an effective risk management and oversight process; and
 - 2.4.3 Approving procedures for the detection of fraud and the prevention of bribery.
- 2.5 Appointments and Remuneration:
 - 2.5.1 Appointment of Board Committee members, Group Managing Director, Group Company Secretary, internal and external auditors (consultatively between the Board Audit Committee and Management), and subsidiary company Board Members;
 - 2.5.2 Establishment and approval of a Board Remuneration Policy, which will be subjected to Shareholders' approval during the Annual General Meeting;
 - 2.5.3 Ensuring adequate succession planning for the Board and Management so as to maintain an appropriate balance of skills and experience within the Company, the Group and on the Board;
 - 2.5.4 Approval of the level of remuneration paid to Directors (Executive and Non-Executive Board Members of the Company and/or Group) within any limitations imposed by Shareholders;

2.5.4.1 The remuneration should be sufficient to attract and retain the Board Members needed to run the Company successfully, while compensating for the responsibilities undertaken as a Director;

2.5.4.2 Executive Director remuneration will be as specifically agreed in their contracts of employment and they will not be entitled to any Director fees and allowances outside of said contracts;

2.5.4.3 Executive Director remuneration contracts will be available for full review by the Board, where required; and

2.5.4.4 The Board should report to the Shareholders on their remuneration, which will be included in the annual reports and accounts while any increase in fees and allowances paid to Non-Executive Directors shall be subjected to Shareholders' approval.

2.6 Governance Matters:

2.6.1 Determining the level of independence of Independent and Non-Executive Directors; and

2.6.2 Approval of Group policies.

2.7 Statutory and Administrative:

2.7.1 The Board of Directors shall, in accordance with the Companies Act, the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public and the CBK Prudential Guidelines be responsible for:

2.7.1.1 Recommending amendments to the Memorandum and/or Articles of Association of the Company;

2.7.1.2 The appointment, removal or replacement of the external auditor of the Company;

2.7.1.3 The frequency of meetings of the Board;

2.7.1.4 The convening of general meetings of shareholders of the Company;

2.7.1.5 The prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business;

- 2.7.1.6 The granting of general signing authorities pursuant to the Articles of the Company;
 - 2.7.1.7 The appointment, removal or replacement of the Group Company Secretary;
 - 2.7.1.8 The variation of the rights attaching to shares where such powers are vested in the Board; and
 - 2.7.1.9 The formulation, amendment and implementation of the Group Code of Conduct and Ethics.
- 2.7.2 The Board of Directors shall:
- 2.7.2.1 Act in accordance with the Memorandum and Articles of Association of the Company;
 - 2.7.2.2 Act in good faith to promote the success of the company for the benefit of its members as a whole;
 - 2.7.2.3 Exercise independent judgment;
 - 2.7.2.4 Exercise reasonable care, skill and diligence;
 - 2.7.2.5 Avoid conflict of interest;
 - 2.7.2.6 Avoid benefits from third parties if the benefits are attributable to the fact that the person is a Director of the company or to any act or omission by the Director;
 - 2.7.2.7 Declare interest in a proposed or existing transaction or arrangement with the Group in writing before the Group enters into the transaction or arrangement concerned;
 - 2.7.2.8 Convene a General Meeting of the Company, if requested to do so by Shareholders;
 - 2.7.2.9 Prepare a financial statement of the Company for each financial year;
 - 2.7.2.10 Ensure that the Group's financial statements are prepared using the same financial reporting framework;
 - 2.7.2.11 Prepare a Director's report (including a Director's remuneration report);

- 2.7.2.12 Obtain Shareholder approval of the Director's Remuneration Report;
- 2.7.2.13 Lodge financial statements with the Registrar of Companies;
- 2.7.2.14 Establish clear and separate functions for the Board and Management;
- 2.7.2.15 Establish a Related Party Transaction Policy;
- 2.7.2.16 Establish a Conflict of Interest Policy;
- 2.7.2.17 Develop a Group Code of Conduct and Ethics;
- 2.7.2.18 Establish, periodically review, and publicise this Board Charter;
- 2.7.2.19 Undertake annual Board evaluation;
- 2.7.2.20 Undertake an independent Legal and Compliance Audit once every two years by a legal professional in good standing with the Law Society of Kenya;
- 2.7.2.21 Save for (2.7.2.20) above, ensure that an internal legal and compliance audit is carried out on an annual basis with the objective of establishing the level of adherence to applicable laws, regulations and standards;
- 2.7.2.22 Undertake an annual Corporate Governance Audit;
- 2.7.2.23 Establish a dispute resolution mechanism for internal and external disputes;
- 2.7.2.24 Establish and put into place a Whistle Blowing Policy and ensure that the mechanism for whistle blowing is effective;
- 2.7.2.25 Rotate the Company's independent external auditors every six to nine years;
- 2.7.2.26 Establish an effective Risk Management Framework;
- 2.7.2.27 Establish an internal audit function that reports directly to the Board Audit and Risk Committee; and
- 2.7.2.28 Undertake continuous professional development on relevant issues, including undertaking at least twelve hours of

development per year on areas of governance from credible sources.

2.8 Regulatory:

- 2.8.1 The approval of terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
- 2.8.2 The approval and authority to issue circulars to Shareholders of the Company;
- 2.8.3 The approval and authority to issue prospectus, listing particulars, rights offers or takeover or merger documents;
- 2.8.4 Recommending to Shareholders that they approve any ordinary or special resolutions in respect of the Company;
- 2.8.5 Recommending that the Shareholders take a particular course of action proposed by the Board; and
- 2.8.6 Any decision affecting the Company's shares on any securities exchange.

2.9 Human Resources:

- 2.9.1 Appointments to and removals from the Board including the appointment of the Group Chairman, Group Managing Director, Executive Directors, Non-Executive Directors and the Group Company Secretary;
- 2.9.2 The establishment of, and changes in the composition of the Committees of the Board as are established from time to time; and establishment of terms of reference thereof;
- 2.9.3 Any increase of Board Members' fees and allowances as recommended by the Governance and Nominations Committee, which shall finally be retrospectively approved by Shareholders in a General Meeting; and
- 2.9.4 The approval of any employee incentive scheme, the rules applicable to any such scheme and any amendment to such rules.

3. Duties of Individual Board Members

- 3.1 Each Board Member shall be responsible in an individual capacity to:

- 3.1.1 Act with intellectual honesty, courage and commitment in performing his or her duties;
- 3.1.2 Act within the powers set out in the constitutive documents of the Company and applicable law;
- 3.1.3 Exercise the highest degree of care, skill and diligence in discharging their duties;
- 3.1.4 Act in the best interest of the Group and not for any other purpose;
- 3.1.5 Act honestly at all times and not place themselves in a situation where their personal interests conflict with those of the Group;
- 3.1.6 Exercise independent judgment at all times;
- 3.1.7 Understand and accept the principle of collective responsibility;
- 3.1.8 Devote sufficient time to carry out their responsibilities;
- 3.1.9 Regularly update their knowledge and enhance their skills;
- 3.1.10 Promote transparency and accountability at Board level;
- 3.1.11 Promote teamwork within the Board and the Group;
- 3.1.12 Promote and protect the image of the Group;
- 3.1.13 Diligently attend Board meetings and actively participate in deliberations of the meetings;
- 3.1.14 Owe the Group a duty to hold in confidence all information available to them by virtue of their position as a Board Member; and
- 3.1.15 Disclose real, perceived or potential conflicts of interest and manage these within the agreed framework.

4. Liability of Board Members

- 4.1 A Board Member shall not be liable for any act done in good faith in carrying out duties and responsibilities for the Group.
- 4.2 There is however no limitation of liability for negligence or breach of the Director's duty of care and trust to the Group or its Shareholders.
- 4.3 There is also no limitation of liability for acts or omissions not in good faith, or which involve default, intentional misconduct or violation of the law.

- 4.4 In the event of breach of duty, the Board may:
 - 4.4.1 Recover any of the Company's property misapplied by (a) Director(s);
 - 4.4.2 Make the Director(s) account for the profit made in breach of the fiduciary duty; and/or
 - 4.4.3 Claim damages.
- 4.5 A Director may also be criminally liable for certain acts or omissions under the Companies Act including:
 - 4.5.1 Failure to register an amendment of the Articles of Association;
 - 4.5.2 Failure to keep a register of Directors and their particulars;
 - 4.5.3 Failure to notify the registrar of change of Directors and their addresses;
 - 4.5.4 Where a Director accepts benefits from third parties;
 - 4.5.5 Where a Director fails to declare his/her interest in a transaction/arrangement; and
 - 4.5.6 Where the Directors fail to prepare the Director's report.
- 4.6 While the Group will take out an appropriate Directors' and Officers' Liability cover for its Directors, the Third Party Indemnity Provision is void to the extent that it provides indemnity against:
 - 4.6.1 A liability of a Director to pay a fine imposed in criminal proceedings;
 - 4.6.2 An amount payable to a regulatory authority as penalty in respect of non-compliance with a requirement of a regulatory nature; or
 - 4.6.3 A liability incurred by the Director in defending criminal proceedings in which the Director is convicted or in defending civil proceedings brought by the Company, or an associated company, in which judgment is given against the Director.
- 4.7 In this regard therefore, Directors are encouraged to fully understand their role, the business of the Group and to perform their duties with integrity and the necessary care and skill required of them and commensurate with their general knowledge and skill.

5. Director Protection

- 5.1 In light of the various liabilities that may accrue against a Director for undertaking their responsibilities as articulated herein, the Group shall maintain Directors' and Officers' liability insurance as appropriate. Directors should ensure that they are fully aware of the terms of this insurance.
- 5.2 Under common law doctrine of the business judgment rule, a Director will not be personally liable for actions or decisions taken in good faith in the exercise of their functions. However, this does not allow a Director to breach their duty of loyalty, due diligence or care, or to act negligently or ultra vires their powers or to deliberately violate the law.
- 5.3 A Director's duty to act with care and diligence will be taken to be satisfied where the Director:
- 5.3.1 Makes a judgment in good faith and for a proper purpose;
 - 5.3.2 Has no material personal interest in the subject-matter of the judgment made;
 - 5.3.3 Is informed about the subject-matter of the judgment to the extent the Director reasonably believes to be appropriate; and
 - 5.3.4 Rationally believes the judgment to be in the best interest of the Group.
- 5.4 However, the business judgment rule:
- 5.4.1 Relates only to decisions about the ordinary business operations of the Group; and
 - 5.4.2 Does not relieve a Director from other fiduciary duties (over and above those owed as a Director) such as to act in good faith, not to misuse the position of Director, not to make improper use of confidential information, and to prevent insolvent trading.

A business judgment is any decision to take or not to take action in respect of a matter relevant to the business operations of the Group; it does not apply to any failure to take a decision. A Director will be personally liable on a company contract when he has accepted personal liability either expressly or impliedly.

6. Induction of Board Members

- 6.1 The Board (through the office of the Group Chairman and Group Company Secretary) shall ensure that newly appointed Board Members undergo a formal induction programme in line with Annex 4 of this Board Charter.
- 6.2 The Board shall ensure the development of an effective and formal induction programme for newly appointed Board Members.
- 6.3 The induction programme will provide the Board Member with an orientation of the Company, the Group, strategic plans, financial status and policies, risk management and compliance programmes; and the Group Code of Conduct and Ethics, and applicable policies.
- 6.4 The induction shall entail meetings with other Board Members and senior Management and, where practicable, site visits to see the Group's operations.
- 6.5 In particular, the induction programme aims at providing new Board Members with:
 - 6.5.1 The Group's vision, strategic direction and core values;
 - 6.5.2 Knowledge of the Group and its subsidiaries, the Board structure, membership and processes;
 - 6.5.3 Knowledge of the Group's business;
 - 6.5.4 Knowledge of the Group's processes, corporate strategies, management and key human resources of the Group;
 - 6.5.5 Knowledge of the Group Code of Conduct and Ethics;
 - 6.5.6 Knowledge of the financial documents including annual accounts, Board reports and other company status disclosures;
 - 6.5.7 Enterprise risk, credit risk, asset and liability management, and financial risk management matters;
 - 6.5.8 Corporate governance practices, including Directors' fiduciary duties;
 - 6.5.9 Familiarisation with, and attestation to, the Group Code of Conduct and Ethics; and
 - 6.5.10 Any other key policies and practices.

- 6.6 As part of the induction programme, newly appointed Board Members will receive a copy of this Charter, the Corporate Governance Policy, the Company's Memorandum and Articles of Association, all Board policies, the strategic plan and annual business plan and recent copies of Board minutes.
- 6.7 In addition, all Board Members are expected to keep themselves abreast of changes and trends in the financial environment, which shall include changes and trends in the economic, political, social and legal climate in general.

7. Board Continuous Skills Development

- 7.1 The Board shall ensure that a competence needs assessment is conducted periodically and an annual development plan, for a minimum of two (2) days per Board Member, put in place to address identified skills gaps.
- 7.2 In this regard, Board Members shall be provided with access to, or notice of, Continuous Development Programs that are designed to keep Members abreast of the latest developments in financial services industry best practices, governance and critical issues relating to the operation of financial sector boards.
- 7.3 The Board shall satisfy itself that its Members are, where applicable, up-to-date with Continuous Professional Development (CPD) requirements in their respective professional bodies.
- 7.4 The Board shall also receive regular briefings on matters relevant to the business of the Group, changes in laws and regulations including accounting policies and practices.
- 7.5 The Group Managing Director shall, on an annual basis, submit to the Central Bank of Kenya a report detailing the Continuous Professional Development programmes that Board Members participated in.
- 7.6 The Board also recognises the importance of continuing education for its Directors and shall provide at least twelve (12) hours of governance related education in order to improve both Board and Committee performance.
- 7.7 Additional development will also be undertaken in areas specific to the roles undertaken by the Directors in their capacities within the Board Committees, or generally on common regulatory matters. The Board acknowledges that Director continuing education may be provided in a variety of different forms including:
- 7.7.1 External and internal training programs;

7.7.2 Presentations or briefings on particular topics;

7.7.3 Educational materials; and

7.7.4 Meetings with key management and visits to the Group's facilities.

7.8 The Company encourages Directors to take advantage of educational opportunities on an ongoing basis to enable them to better perform their duties and to keep informed about developments in areas such as the financial services industry, corporate governance and Directors' responsibilities.

7.9 The Board shall ensure that the Group Managing Director and senior executives regularly attend technical training as well as personal development training programmes that ensure their personal and professional career growth needs are met and sustained.

8. Board Evaluation

8.1 Regular assessment of the Board's effectiveness, and the contribution of individual Directors, is essential to improve governance practices. The Board shall conduct an annual evaluation of the Board, the Chairman, individual Board Members, Board Committees, the Group Managing Director, and the Group Company Secretary with the aim of identifying their strengths, collective skills gaps, effectiveness, and individual areas of improvement. The focus of such assessments is to:

8.1.1 Assess the way in which the Board operates;

8.1.2 Check that important issues are suitably prepared for and discussed;

8.1.3 Measure the actual contribution of each Director to the Board's work through his or her competence and involvement in discussions; and

8.1.4 Evaluate the contributions of Board Committees.

8.2 The performance evaluation process will take the form of a self-evaluation through a detailed questionnaire. In line with best practice, the following evaluations will be performed and documented on an annual basis:

8.2.1 Overall Board evaluation;

8.2.2 Group Chairman's evaluation;

8.2.3 Group Managing Director's evaluation;

- 8.2.4 Directors' peer evaluation;
 - 8.2.5 Board Committees' evaluation;
 - 8.2.6 Group Company Secretary evaluation; and
 - 8.2.7 Any other evaluations that the Board may deem necessary from time to time.
- 8.3 The questionnaires shall take into consideration the guidance provided in the CBK Prudential Guidelines through the Board Evaluation Form and Individual Director Evaluation Form.
- 8.4 It is desirable that the evaluation process is facilitated by an external qualified and independent governance specialist.
- 8.5 The Board shall ensure that an Evaluation Report is prepared and a summary of the report disclosed to the Shareholders.
- 8.6 Disclosure shall be made in the annual report that such evaluations are indeed carried out and the Group Managing Director, in accordance with the requirements of the CBK Prudential Guidelines, shall also submit the Evaluation Report to the Central Bank of Kenya by the 31st of March of the year following the year under review.

9. Directors' Remuneration

- 9.1 The Board shall develop a formal and transparent Remuneration Policy that is aligned with the Group's strategy and clearly stipulate the elements of such remuneration including Board Members' fees, attendance allowance and, where applicable, bonuses.
- 9.2 The Board shall ensure that Board Members are sufficiently remunerated to attract and retain good Directors while at the same time taking into consideration the viability, solvency and reputation of the Group and the prevailing market rates.
- 9.3 The Board shall ensure that it has assigned the responsibility of developing the Board Remuneration Policy to a Committee, which will be responsible for recommending to the Board the remuneration of the Executive and Non-Executive Board Members; and the structure of their compensation package.
- 9.4 The remuneration of Executive Directors shall include an element that is linked to corporate performance and attainment of desired objectives so as to ensure the maximisation of the Shareholders' value.

- 9.5 The Directors shall be entitled to be reimbursed for any costs for travel as they may incur in travelling for the purposes of meetings, including in other subsidiaries of the Group.
- 9.6 Any Director who performs special services, or goes, or resides abroad for any purpose of the Group's Board business may be paid such extra remuneration by way of additional allowances as the Board may determine.
- 9.7 The Board should report to the Shareholders on remuneration and this should be included in the annual reports and accounts while any increase in fees and allowances paid to Non-Executive Directors shall be subject to Shareholders' approval retrospectively.

10. Board Succession Planning

- 10.1 The Board shall approve, review annually and maintain a Board Skills Matrix to guide it on the appointment and replacement of Board Members.
- 10.2 The Board shall organise the terms of office in such a way that they end at different times to ensure retention of institutional memory.
- 10.3 Where possible, no more than one third (1/3rd) of the Board Members shall retire at the same time.
- 10.4 The Board shall ensure the development of an appropriate succession plan for the Group Managing Director and regularly review the same.
- 10.5 In accordance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, Board members who attain the age of seventy (70) years will retire annually at the Annual General Meeting but may be re-elected by the Shareholders to continue serving on the Board.
- 10.6 Long term planning for Group Managing Director development and succession is one of the Board's most important functions. The Board, through its Governance and Nominations Committee, will identify and regularly update the qualities and characteristics necessary for an effective Group Managing Director. With these principles in mind, the Board will periodically monitor and review the development and progression of potential internal candidates against these standards. The Board is responsible for:
- 10.6.1 Monitoring succession planning for the Group Managing Director and his or her direct reports;

10.6.2 Reviewing the outside activities of senior executives; and

10.6.3 Ensuring that the Board, including Non-Executive Board Members, has periodic exposure to senior executives who may ultimately be promoted to corporate officers, as appropriate.

10.7 Working with the Group Managing Director, the Board should see that plans are in place for contingencies such as the departure, death or functional disability of the Executive Director(s) to facilitate the transition to both interim and longer-term leadership in the event of an untimely vacancy.

11. Relationship between Board and Management

11.1 The Board and the Management shall execute their mandate in an environment of mutual trust and respect having regard to the principles of good Corporate Governance.

11.2 In this regard, the Board shall provide clear and distinct lines of responsibility and accountability, and maintain effective channels of communication.

11.3 Under the direction of the Board, Management shall ensure that the Group's activities are consistent with the strategy and risk appetite set by the Board, as well as policies approved by the Board.

11.4 The Board shall ensure that Management establishes appropriate Management Committees to help Management effectively perform their role.

11.5 The Board shall hold Management accountable for:

11.5.1 The day-to-day management of the Group while ensuring that integrity permeates all aspects of the Group's operations;

11.5.2 The implementation of the approved strategy, annual business plans and Board decisions;

11.5.3 The implementation and adherence to policies, practices and standards as enacted by the Board;

11.5.4 The establishment of systems to facilitate efficient operations and communications;

11.5.5 The development of planning processes to facilitate achievement of targets and objectives;

- 11.5.6 All staff matters including recruitment, retention, development and training;
- 11.5.7 Adherence to the Group Code of Conduct and Ethics, and all relevant laws, regulations, codes, guidelines and standards;
- 11.5.8 Maintenance of all required records to ensure the integrity of reporting;
- 11.5.9 Preparation of budgets, business plans and management accounts; and
- 11.5.10 Implementation of the Risk Management Framework and adequate system of Internal Controls.

12. Annual Board Work Plan

- 12.1 The Board, through the Group Company Secretary, shall prepare a work plan setting out the activities planned for each financial year. The work plan will cover among others, the timings for regular Board and Committee meetings, the AGM, special projects and principal areas of focus.
- 12.2 Each year's work plan shall be presented to and approved by the Board preferably before commencement of the relevant year, but not later than within the first two months of the relevant year.
- 12.3 The Work Plan shall guide the activities of Board and its Committees and shall at a minimum focus on:
 - 12.3.1 Strategic plan development and review;
 - 12.3.2 Assessment of the implementation of strategies, policies and plans;
 - 12.3.3 Risk assessment and management;
 - 12.3.4 Strategic Planning and Review;
 - 12.3.5 Budgeting and financial performance management;
 - 12.3.6 Governance and Compliance;
 - 12.3.7 Quality assurance processes; and
 - 12.3.8 Board evaluation.
- 12.4 The Board shall ensure that the Work Plan is forward looking and focuses the Board on the adopted strategy of the Group.

- 12.5 Each year's work plan shall be presented to and approved by the Board before commencement of the relevant year or failing that, within the first two months of the relevant year.

13. Board Papers

- 13.1 The Board shall establish standards for the preparation and presentation of Board papers and reports.
- 13.2 The Group Managing Director shall ensure that all Board papers are accurately written and contain sufficient information to provide for (an) informed decision(s) by Directors.
- 13.3 The Group Company Secretary shall ensure the timely preparation and circulation of Board and Committee papers ahead of the meetings.
- 13.4 Board papers shall be made available to Board and Committee members not less than seven (7) working days before the date of the meeting.
- 13.5 At each Board meeting the Board shall consider:
- 13.5.1 An operational report from the Group Managing Director;
 - 13.5.2 A report from the Group Director, Finance;
 - 13.5.3 Specific proposals for capital expenditure and acquisitions;
 - 13.5.4 Reports from various Board Committees; and
 - 13.5.5 Major issues and strategic opportunities for the organisation.

14. Board and Committee Meetings

- 14.1 Frequency and Quorum:
- 14.1.1 A schedule of the year's Board meetings will be provided to the Directors through the annual Board Work Plan;
 - 14.1.2 Regular Board meetings will be held at least four times a year and special meetings may be held as necessary;
 - 14.1.3 Notice of the location and the timing of meetings shall be issued prior to the meetings;

- 14.1.4 While every effort should be made to attend all Board meetings, every Board member, or appointed alternate, shall attend at least seventy-five percent (75%) of the Board meetings in each financial year;
- 14.1.5 The quorum necessary for the transaction of the business of the Board may be fixed by the Directors and, unless so fixed, shall be no less than half of the Directors presently holding office, present either personally or by Alternate;
- 14.1.6 If a quorum is not present, the meeting shall be adjourned to the same day in the following week, at the same time and place, or at such other time and place as the Board and or Committees shall deem fit;
- 14.1.7 Meetings shall only commence upon confirmation that there is quorum for the meeting. Such quorum must be maintained throughout the meeting;
- 14.1.8 Board and Committee members who are unable to attend shall inform the respective Chairperson and Group Company Secretary well in advance of the meeting for recording, and where approved ensure that their duly appointed Alternate Directors attend such meetings;
- 14.1.9 A Committee Chair, in consultation with Committee members, determines the frequency and length of the meetings of each Committee as well as the agenda;
- 14.1.10 Each Committee issues a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each year (to the degree these can be foreseen). This planned agenda should be shared with the Board;
- 14.1.11 Exclusive Non-Executive Directors' Sessions:
- 14.1.11.1 The Non-Executive Directors of the Board may meet in the absence of Management, (including Executive Directors), following each regularly scheduled Board meeting;
- 14.1.11.2 During the course of these sessions, feedback on Board processes, including the timeliness of information being provided to the Board is discussed. The Directors will also review the Group Managing Director's and Executive Directors' performance, compensation, and succession planning. These sessions also provide an opportunity for the

Group Chairman to discuss areas where the performance of Management could be strengthened; and

14.1.11.3 It is important that these opportunities occur regularly, even if the meetings are short, so that they become a recognised and accepted practice.

14.2 Notice and Agenda:

- 14.2.1 The Board has sole authority over its agenda and exercises this through the Group Chairman. Any member may, through the Group Chairman, request the addition of an item to the agenda. The Group Chairman in consultation with the Group Managing Director and the Group Company Secretary will set the agenda;
- 14.2.2 The notice and agenda of the Board and Committee meetings shall be issued by the Group Company Secretary as directed by the Chairperson of the Board or relevant Committee;
- 14.2.3 The agenda shall be guided by the Board Work Plan;
- 14.2.4 The Group Company Secretary shall be responsible for issuing proper notices of Board meetings and will also arrange for circulation of relevant documents. Documents for meetings will be sent at least seven (7) days in advance. Directors and attendees should review the meeting agenda and documentary materials in advance of the meetings;
- 14.2.5 Each Board and Committee member is entitled to suggest the inclusion of items on the agenda by providing notice to the Chairperson at least fourteen (14) days prior to the meeting to enable adequate preparation;
- 14.2.6 Additional agenda items may be included in the agenda during the meeting subject to approval by the Board or Committee;
- 14.2.7 Except for urgent cases, as determined by the Chairperson, detailed agenda accompanied by relevant supporting documents and recommendations will be provided to the members at least seven (7) days prior to a meeting;
- 14.2.8 Board and Committee members are obligated to review the material in advance of the meetings to enhance effectiveness;

14.2.9 The Chairperson or any three (3) members may call for a special meeting by giving not less than seven (7) days' notice; and

14.2.10 A special meeting of the Board or Committee will not discuss any matter other than that specified in the agenda.

14.3 Venue:

14.3.1 Board and Committee meetings shall ideally be held at the Company's Office unless otherwise decided by the Board; and

14.3.2 The venue of the meetings shall be clearly communicated in the notice of the meeting.

14.4 Video/Call Conferencing:

14.4.1 Meetings of the Board and Committees may be held by video or conference call or by any other means of communication approved by the Board;

14.4.2 Where a Board or Committee meeting is held by video or conference call, the following guiding principle shall apply:

14.4.2.1 The Group Company Secretary shall ensure that the constitutive documents of the Company allow for video or conference call;

14.4.2.2 The Group Company Secretary shall ensure that the necessary arrangements are in place to facilitate effective and secure communication during the meeting;

14.4.2.3 On sending out the notice of the meeting, the Group Company Secretary shall also confirm whether each Board Member or participant will attend physically or through video or conference call;

14.4.2.4 At the start of the scheduled meeting and for the purpose of confirming quorum, a record of attendance shall be taken during which each Board Member or participant will clearly state, for the record, their full name, location, type of device being used and give confirmation that they can clearly hear the other members;

14.4.2.5 All Board Members or participants shall identify themselves for the record before speaking and must confirm that they can

clearly hear and/or see each other in the course of the meeting;

14.4.2.6 If a statement of a Board Member or participant in the meeting via video or conference call is interrupted or garbled, the Chairperson shall request for a repeat or reiterate;

14.4.2.7 The Chairperson should ensure that resolutions are clarified for record purposes; and

14.4.2.8 The Chairperson should ensure that the agenda is suitable for video or conference call.

14.4.3 If a Board Member chooses a video/call conferencing, he/she shall give notice of at least seven (7) days prior to the scheduled meeting to the Group Company Secretary; and

14.4.4 In the absence of confirmation from a Board Member that he/she will participate in the meeting through video/call conferencing, it shall be presumed that the Director will physically attend the Board meeting.

14.5 Protocol of Board or Committee Meetings:

14.5.1 The Chairman shall preside over all Board meetings;

14.5.2 In the absence of the Chairman at a meeting, the Deputy Chairman (if such designation applies) shall preside at that meeting of the Board;

14.5.3 In the absence of the Chairman and the Deputy Chairman at a meeting, the Members present shall elect one Member (Non-Executive) among themselves to preside at that meeting of the Board;

14.5.4 The Committee Chairperson shall preside over the meetings of the Committee and in their absence, the Members present shall elect one amongst them (of similar designation) to chair the meeting;

14.5.5 Proceedings of the Board shall not be invalid by reason only of a vacancy in the membership in the Board or by reason of a defect in the appointment of a Board Member;

14.5.6 Board and Committee Members are required to adequately prepare for meetings so as to participate fully, frankly and constructively, in Board discussions and other activities, and bring the full benefit of their particular knowledge, skills and abilities to the Board decision-making process;

14.5.7 The Chairman, having ensured that the meeting is properly constituted, shall also ensure that at an appropriate time during the meeting, the minutes of the previous meeting are confirmed and matters arising therefrom handled; and

14.5.8 The Group Chairman will always seek a consensus in the Board, failing which, where extremely necessary he will call for a vote. The Group Chairman will have the casting vote in the event of a stalemate.

14.6 Attendance of or Admittance to Meetings:

14.6.1 Every Director has a duty to attend Board meetings regularly and to effectively participate in the conduct of the business of the Board. Every member of the Board should attend at least 75% of the Board meetings of the Company in any financial year;

14.6.2 Board and Committee Members are required to adequately prepare for meetings so as to participate fully, frankly and constructively in discussions and other activities; and bring the full benefit of their particular knowledge, skills and abilities to the decision-making process;

14.6.3 The Board or Committee may, where deemed necessary, invite a person who is not a member to attend a meeting of the Board or a Committee;

14.6.4 Such invitations may be extended if in the opinion of the Chairman, the person or persons so invited have a special or technical contribution to make in the deliberations of the meeting;

14.6.5 A person so invited shall not vote;

14.6.6 It shall be the decision of the Board to admit to the Board meeting Management and or other subject matter experts;

14.6.7 The Board encourages Management to, from time to time, bring company officers into Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas, or are officers with future potential that Management believes should be given exposure to the Board; and

14.6.8 Should the Group Managing Director want to add additional people as attendees on a regular basis, it is expected that this suggestion should be made to the Board for its concurrence.

14.7 Decision Making and Minutes:

- 14.7.1 Meetings of the Board of Directors shall be presided over by the Group Chairman, or, if no such person has been designated or, in his or her absence, the Vice Chairman or, in the absence of both these persons, by a Non-Executive Director chosen by a majority of the Directors present at the meetings. The Group Company Secretary shall act as secretary of all meetings of the Board, provided that, in his or her absence, the Group Chairman or person presiding shall appoint another person to act as secretary of the meeting;
- 14.7.2 The Group Chairman will always seek a consensus in the Board, failing which, where extremely necessary he will call for a vote. The Group Chairman will have the casting vote in the event of a stalemate;
- 14.7.3 Unless a unanimous decision is reached, a decision on any matter shall be by the concurrence of a majority of votes of the members present;
- 14.7.4 However, Board and Committee members are entitled to voice dissenting opinions and have these recorded in the minutes when unanimity cannot be reached;
- 14.7.5 In the absence of a physical meeting, and in the event of urgency, decisions may be made by written resolution of the Board or Committee provided that the proposed resolution is submitted to all Board or Committee members and none of them objects to this form of adoption;
- 14.7.6 Approval of decisions by written resolution shall be effected in writing by all Board or Committee members. Objection to this kind method of adoption or to the proposed resolution should also be in writing;
- 14.7.7 Minutes and action to be taken shall be drawn up for every Board and Committee meeting with resolutions highlighted therein;
- 14.7.8 The minutes shall be a record of the outcomes, rather than the course of discussion, with resolutions being highlighted therein;
- 14.7.9 The Group Company Secretary should circulate minutes of the Board meeting as soon as practically possible after the date of the Board meeting to all Directors;
- 14.7.10 Upon confirmation, the minutes shall be signed by the Chairperson and added to the records of the Board and/or the respective Committee;

- 14.7.11 Corrections to previous minutes will be recorded in the minutes of the meeting where the corrections are made and adopted by the Board Members;
- 14.7.12 The Board may however require the minutes to be rewritten if the corrections are substantial. Urgent resolutions may be drawn up and signed immediately in the relevant meeting;
- 14.7.13 The Board shall, unless specifically stated, delegate to the Group Managing Director responsibility to implement the resolutions of the Board;
- 14.7.14 Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board of Directors, unless the Articles of Association or provisions of law require a greater percentage or different voting rules for approval of a matter by the Board; and
- 14.7.15 Each Director commits to express his/her views clearly and openly. Where a Director holds the view that a proposed Board decision is not in the best interest of the Company, he/she must use all means at his/her disposal to convince the Board of the validity of their position. If a Director considers that a Board decision made is either ultra vires, unlawful or grossly negligent, he/she may cause their objection to be recorded in the minutes.

15. Annual Strategy Meeting

- 15.1 A one-day meeting devoted to strategy shall be held together with Executive Management during which the Board shall review the Group's long-term strategic plans and deliberate upon the Group's strategic priorities, including capital management, liquidity and risk strategy.

16. Board Members' Access to Management and Group Information

- 16.1 Non-Executive Directors may have access to and meet with Management in the absence of Executive Directors. This should, however, be agreed upon collectively by the Board and facilitated by the Group Chairman. It is assumed that Board Members will use judgment to be sure that this contact is not

distracting to the business operation of the Group and that the Group Managing Director is kept informed of such contact.

- 16.2 Board Members shall however not give direction to Management, other than through the Group Managing Director and ensure that any such access does not disrupt the operations of the Group.
- 16.3 Board Members are entitled to have access, through the Chairperson, to all information that they may need for the conduct of their business.
- 16.4 Discussions and records of Board meetings shall remain confidential unless a specific direction is given from the Board to the contrary.
- 16.5 Board Members must personally take the necessary precautions to preserve the confidentiality of such information and Board matters and shall not divulge the same under any circumstances.

17. Code of Conduct and Ethics

- 17.1 Board Members shall have a duty to act ethically at all times, in accordance with this Charter and in line with their fiduciary duty to act honestly and in the best interests of the Group.
- 17.2 The Board shall therefore promote ethical conduct and sanction misconduct. Towards this end, the Board shall adopt a Group Code of Conduct and Ethics, Whistle Blowing and Conflict of Interest policies, and ensure that all Board Members subscribe to and abide by their provisions.
- 17.3 The Board shall ensure that the above mentioned policies disallow behaviour that could result in the Group engaging in any improper or illegal activities such as money laundering, fraud, bribery and/or corruption.
- 17.4 The Board shall review the Code and policies as necessary.

18. Conflict of Interest and Independence

- 18.1 Board Members shall comply with the Group Conflict of Interests Policy.
- 18.2 No Director will put themselves in a position where their interests conflict or may be perceived to conflict with those of the Group.
- 18.3 A Board Member shall take reasonable steps to avoid conflict of interest and deal at arm's-length in any matter that relates to the Group as specified in the Directors' Code of Conduct attached to this Charter under Appendix I.

- 18.4 The CBK Prudential Guidelines provide that no person shall be permitted to hold the position of a director in more than one (1) institution licensed under the Banking Act unless the institution is an associate, subsidiary or holding company. In addition, serving as a Board Member or senior manager of a company that competes or does business with the Group can compromise the Board Member's independent judgment, as can cross-membership of boards.
- 18.5 In this regard therefore, on appointment and annually thereafter, Directors will be required to complete a Personal Declaration Form indicating external directorships held and any positions or business relationships that may result in a conflict of interest with the Group's business.
- 18.6 While Directors must take care with respect to any external activities to avoid difficulties in this regard, Directors are required to notify the Chairman in advance of any potential conflicts through other directorships or shareholdings.
- 18.7 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Group shall declare the nature of his interest at a meeting of Directors in accordance with the Companies Act, 2015.
- 18.8 The Board should establish a procedure for dealing with conflict of interest in the Group.
- 18.9 The Group Company Secretary shall maintain a register in which all declared conflicts of interest are to be recorded and maintained.

19. Governance Audit

- 19.1 The Board shall ensure that a Governance Audit is conducted at least on an annual basis to ensure that the Group is operating on sound governance practices.
- 19.2 The Board shall ensure that the Governance Audit is conducted by a competent and recognised professional accredited for that purpose by the Institute of Certified Secretaries of Kenya (ICS-K).
- 19.3 The audit shall cover:
- 19.3.1 Leadership and Strategic Management;

- 19.3.2 Transparency and Disclosure;
- 19.3.3 Compliance with Laws and Regulations;
- 19.3.4 Communication with Stakeholders;
- 19.3.5 Board Independence and Governance;
- 19.3.6 Board Systems and Procedures;
- 19.3.7 Consistent Shareholder and Stakeholder value enhancement; and
- 19.3.8 Corporate Social Responsibility and Investment.

20. Common Seal of the Board

- 20.1 The common seal of the Company shall be held by the Group Company Secretary or as directed by the Board and only used for official purposes or as may be directed by the Board to which an account of its use shall be made.
- 20.2 The Common seal of the Company shall be authenticated by the signature of two Directors or a Director and Company Secretary or as a directed by the Board under the guidance of the provisions of the Company's Articles of Association.

21. Commitment

- 21.1 Upon appointment, each Director shall execute the Directors' Code of Conduct detailed in this Board Charter under Appendix 1 and the Confidentiality undertaking detailed under Annex 3.
- 21.2 Each Director shall, on an annual basis also execute the Personal Declaration Form as detailed under Annex 2.

Appendix 1 – Directors’ Code of Conduct

A. Introduction:

This Code of Conduct reflects the key Corporate Governance requirements for Financial Institutions as outlined by its principal regulators. All Directors appointed to the Board of the Company are required to strictly adhere to this Code of Conduct as well as the Group Code of Conduct and Ethics.

If a person believes that a Board Member has violated a provision of this Code, they are expected to report the matter to the Group Company Secretary, Group Managing Director, the Group Chairman, or anonymously through the Whistle Blowing Online Portal or Toll Free Telephone Line whose details are accessible through the Group website. All conversations, calls and reports made in good faith will be taken seriously and investigated promptly and as confidentially as possible.

Board Members are therefore expected to model appropriate behaviours, encourage dialogue on values and ethical issues, and promote a culture based on good governance principles and practices by acting with transparency, fairness and objectivity in all transactions, exemplifying values included in this Code and integrating them into policies and Board practices, fostering a climate of trust and respect, which expects and supports ethical behaviour and in which concerns may be raised without fear of reprisal through open dialogue, being alert to and dealing with undesirable or inappropriate conduct properly and in a timely fashion and holding themselves accountable. In particular, Board Members shall adhere to the principles set out below.

1) Conflict of Interest

- Directors should not engage directly or indirectly in any business activity that competes or conflicts with the Group's interest.
- These activities include, but are not necessarily limited to, the following:
 - a) Outside Financial Interest:
 - Where Directors have a financial interest in a customer, whether as a sole proprietor, shareholder, creditor or debtor, such an interest must be disclosed immediately to the Board. Thereafter, the affected Director, should not be directly involved in the Group's dealings with the customer so long as the interest continues to exist; and
 - The above restriction does not apply in cases where Directors have holdings of public quoted securities unless the Board views the interests to be material, and that the financial interest is considered likely to impair the objectivity of the Board Member concerned. The holding of five per cent

or more of the voting shares of a publicly quoted company would be regarded as material.

b) Other Business Interests:

- It is considered a conflict of interest if an Executive Director conducts business other than the Company's business during office hours; and
- Where the acquisition of any business interest or participation in any business activity outside the Company and office hours demands excessive time and attention from the Executive Director, thereby depriving the Group of the Executive Director's best efforts on the job, a conflict of interest is deemed to exist.

c) Other Employment:

- Before making any commitment, Executive Directors are to discuss other business activities outside the Group's working hours with the Chairman of the Board; and
- A written approval of the Board Chairman should be obtained before the Executive Director embarks on such employment or other business activities. Approval should be granted only where the interest of the Group will not be jeopardised.

d) Corporate Directorship:

- Directors must declare other directorships held in any other corporation(s); and
- Prior to accepting any new appointments to hold directorships, they must consult with the Chairman of the Board to ensure there is no conflict of interest that will arise from the proposed position.

e) Trusteeships:

- Directors must not solicit appointments as executors, administrators or trustees of customers' estates; and
- If such an appointment is made and the Director is a beneficiary of the estate, his signing authority for the estate's bank account(s) must be approved by the Board of Directors, who will not unreasonably withhold approval.

2) Misuse of Position

- a) Directors must not use the Group's name or facilities for personal advantage in political, investment or retail purchasing transactions, or in similar types of activities. Directors and their relatives must also not use their connection with the Group to borrow from or become indebted to customers or prospective

customers. The use of position to obtain preferential treatment, such as purchasing goods, shares and other securities, is similarly prohibited;

- b) Directors must not solicit or otherwise accept inducements either directly or indirectly whether in cash or in kind in order to provide any favours to a customer in the provision of loans, acceptance of deposits or any other conduct of the business of the Group to which they are entrusted either jointly or individually;
- c) Directors must not use the Group's facilities and influence for speculating in commodities, gold, silver, foreign exchange or securities, whether acting personally or on behalf of friends or relatives. Such misuse of position may constitute grounds for removal and/or prosecution; and
- d) Directors should also not engage in "back- scratching" exercises with employees and directors of other institutions to provide mutually beneficial transactions in return for similar facilities, designed to circumvent these ethical guidelines.

3) *Misuse of Information*

- a) Directors should not deal in the securities of any company listed or pending listing on a stock exchange at any time when in possession of information, obtained by virtue of connection with the Group, which is not generally available to shareholders of that company and the public, and which, if it were so available, would likely cause a material change in the market price of the shares or other securities of the company concerned. "Insider dealing" as this is called, is a crime; and
- b) Directors who possess insider information are also prohibited from influencing any other person to deal in the securities concerned or communicating such information to any other person, including other members of staff who do not require such information in discharging their duty.

4) *Integrity of Records and Transactions*

- a) Accounting records and reports must be complete and accurate. Directors should never allow entries to be made for any account, record or document of the Group that are false and would obscure the true nature of the transaction, as well as to mislead the true authorisation limits or approval authority of such transactions. Directors should note carefully the provisions of Sections 48 to 50 of the Banking Act on disqualification of officers, penalties for offences and penalties for default by officers; and
- b) All records and computer files or programmes of the Group, including personnel files, financial statements and customer information must be accessed and used only for purposes for which they were originally intended.

5) Confidentiality

- a) Confidentiality of relations and dealings between the Group and its customers is paramount in maintaining the Group's reputation;
- b) Directors must therefore take precaution to protect the confidentiality of customer information and transactions;
- c) No Director should during, or upon and after termination of appointment on the Board (except in the proper course of his/her duty and/or with the Group's written consent) divulge or make use of any secrets, copyright material, or any correspondence, accounts of the Group or its customers. No Director shall in any way use information so obtained for financial gain; and
- d) Business and financial information about any customer may be used or made available to third parties only with prior written consent of the customer or in accordance with the arrangements for the proper interchange of information between institutions about credit risks, or when disclosure is required by law.

6) Fair and Equitable Treatment

- a) All business dealing on behalf of the Group with the current potential customers, members of staff and those who may have cause to rely upon the Group, should be conducted fairly and equitably;
- b) Directors must not be influenced by friendship or association, either in meeting a customer's requirement, or in recommending that they be met. Such decisions must be made on a strictly arm's-length business basis; and
- c) All preferential transactions with insiders or related interests should be avoided. If transacted, such dealings should be in full compliance with the law, judged on normal business criteria basis and fully documented and duly authorised by the Board of Directors.

7) Insider Loans

- a) Directors should not use their positions to further their personal interests.
- b) The Group shall not therefore:
 - i) Grant or permit to be outstanding any unsecured advances in respect of any of its Directors or their associates;
 - ii) Grant or permit to be outstanding any advances, loans or credit facilities which are unsecured or advances, loans or credit facilities which are not fully secured to any of its significant Shareholders or their associates;
 - iii) Grant or permit to be outstanding any advance, loan or credit facility to any of its Directors unless it is approved by the full Board of Directors upon being satisfied that it is viable or made in the normal course of business and on terms similar to those offered to ordinary customers of the Group.

The Group shall notify the Central Bank of Kenya of every such approval within seven days of the granting of the approval;

- iv) Grant or permit to be outstanding any advance, loan or credit facility or give any financial guarantee or incur any other liability to, or in favour of, or on behalf of, any associate or any Director in excess of twenty per cent of the core capital of the Group;
- v) Grant or permit to be outstanding advances or credit facilities or give any financial guarantee or incur any other liabilities to or in favour of, or on behalf of, its associates and Directors amounting in the aggregate to more than one hundred per cent of the core capital of the Group; or
- vi) Grant any advance or credit facility or give guarantee or incur any liability or enter into any contract or transaction or conduct its business or part thereof in a fraudulent or reckless manner or otherwise than in compliance of the Banking Act and the Central Bank of Kenya Prudential Guidelines.

Annexure 1 - Undertaking for the Code of Conduct

The Chairman
NCBA Group PLC
P. O. Box 44599 - 00100
NCBA Centre
Mara & Ragati Roads, Upper Hill
Nairobi

Dear Chairman,

UNDERTAKING FOR THE CODE OF CONDUCT AND ETHICS

I....., (name of Director) do hereby undertake that I have read and understood and hereby pledge during my tenure as a member of the Board;

- i) To abide by the contents of the Directors' Code of Conduct and the Group Code of Conduct and Ethics; and
- ii) To comply with the provisions of all applicable laws and regulations.

Name:

Signature: Date:

Witnessed by:

Name.....

Designation:

Signature: Date.....

Annexure 2 – Board of Directors Personal Declaration Form

I (full name of Director) of P. O. Box (number and code), (city/town);

Declare as follows:

I undertake to use my best efforts to avoid being in a position where my personal interests (including the interests of my spouse, children, relatives, business associates, or other person in which I have an interest) conflict with those of my official duties with the Group.

I further understand that whenever my personal interests conflict with my official duties, I shall:

- i) Declare the personal interests to the Board either directly or through the Chairperson or the Group Managing Director or the Group Company Secretary and will comply with any directions to avoid the conflict; and
- ii) Refrain from participating in any deliberations with respect to the matter.

I confirm that I shall not hold shares or have any other interest in a corporation, partnership or other body, directly or indirectly or through another person, if holding those shares or having an interest would result in my personal interests conflicting with those of my official duties with the Group. In addition, I shall not influence the award of a contract or business to myself, my spouse, relative, business, associate, corporation, partnership or other body in which I have an interest.

That I hold the following position(s):

1) Employment /Business:

Period	Employer’s Name/Business Name	Position Held	Responsibilities

2) Ownership:

a) Shareholding (Directly owned or through nominees):

Company’s Name	Date of Incorporation	Number of shares held	% of shareholding

b) Associates (Business and Family as defined in Sec 2 of the Banking Act):

Company's Name	Nature of Relationship	Number of shares held	% of shareholding

3) Directorships:

Company's Name	Date of Incorporation	Executive / Non-Executive	% of shareholding

4) Professional Bodies:

Name of Body	Membership	Number	Position held (if any)

5) Of the above affiliations, the following maintain a business relationship with the Group (please provide particulars where applicable):

6) The following past relationships may present a conflict of interest in relation to my duties and responsibilities with the Group (please provide particulars where applicable):

I hereby certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to my position as a Director of the Group of which the Group should be aware.

I undertake to inform the Board of Directors of any material changes which arise within seven (7) days of identification.

Declared this day of 20....

at (location).

Name:

Signature:

Before Me:

COMMISSIONER FOR OATHS

Annexure 3 - Declaration of Confidentiality on Appointment

The Chairman
NCBA Group PLC
P. O. Box 44599 - 00100
NCBA Centre
Mara & Ragati Roads, Upper Hill
Nairobi

DECLARATION OF CONFIDENTIALITY ON APPOINTMENT

I..... (full name of Director), understand that all the information which I will acquire or to which I will have access owing to my position as a member of the Board is information which is CONFIDENTIAL and I hereby undertake to maintain in confidence and not disclose to any third party such information save where there is express authorisation by the Board to do so or where I am required by law to disclose such information.

Full Name.....

Signature: Date.....

Witnessed by:

Full Name.....

Designation:

Signature: Date.....

Annexure 4 - Board Induction Programme

1) Introduction

The aim of an induction programme is to enable a new Director to become as effective as possible in their new role as quickly as possible. A well designed and delivered induction programme ensures that new members can add value to the Board by enabling them to immediately ask questions without being a subject matter expert or having in-depth experience of the business of the Group.

To achieve this aim:

- a) The Company will ensure that all new Directors receive a comprehensive, structured and tailored induction on joining the Board; and
- b) New Directors will need to commit to participate fully in such a programme.

2) Programme Design

An effective induction programme will:

- a) Provide core information and advice to enable a new Director to understand the Company and their specific role and in this regard, the programme will aim, among others to:
 - Provide the Director with information on the legal and regulatory environment within which the Group operates;
 - Provide the Director with information on the operations of the Company, the Group business lines and policies; and
 - Provide information to the Director on Board operations, their remuneration and other benefits.
- b) Ensure that new members feel welcome, valued and part of the team.

3) Providing Core Information

All new Board Members should be provided with the following among other pertinent information:

- a) An appointment letter setting out pertinent matters relating to their role as a Director;
- b) The Company's Memorandum and Articles of Association;
- c) Relevant / Key Regulatory Guidelines;
- d) Latest annual report and accounts;
- e) The Strategic Plan;
- f) The latest annual Business Plan;
- g) Minutes of the previous two Board meetings;

- h) A copy of the Board Charter and Board Committees' Terms of Reference;
- i) The Group structure;
- j) The Board composition and structure;
- k) The Group organisational structure;
- l) Copies of the Group Policies; and
- m) Directors' Code of Conduct and Group Code of Conduct and Ethics.

4) Ensuring that new members feel welcome

New members will feel comfortable and confident in contributing if they are made to feel welcome, valued and well supported. To achieve this, the following forums shall be arranged for new Board Members:

- a) The Chairman shall dedicate a judicious interval of their first Board meeting to introductions prior to commencement of Board business, and guidance throughout the session as the meeting progresses; and
- b) The Group Managing Director (GMD), with the assistance of the Group Company Secretary, will organise a structured event to introduce them to key Management officials and functions of the institution. At this session, the GMD will give a brief presentation on their area of responsibility and answer any questions posed by the Board Members.

The GMD will:

- Commence the presentations with an overview of the business, key achievements and challenges and highlights from the Strategic plan. The GMD will also highlight key issues impacting the Group's performance;
- Explain the Group structure and the business carried on by each of the subsidiaries in the Group; and
- Arrange for the Head of Risk to highlight the risk management framework and key risks facing the Bank as well as the mitigating factors; the Head of Internal Audit to highlight the key attributes and status of internal controls; the Head of Legal to highlight the major litigation facing the Group; and the Group Director, Human Resources to highlight the most recent staff satisfaction survey and related matters.

The Group Company Secretary will highlight:

- Group policies including personal indemnity and liability Insurance, expenses, remuneration policy of the Board, Group Code of Conduct and Ethics, and key aspects of the CBK Prudential Guidelines and Capital Markets Authority Regulations and Codes;
- Board operations, support and secretarial services;
- Board work plan and purpose for each meeting; and
- Themes from the most recent Board evaluation report.

5) Meeting with the Chairman

A meeting shall be arranged between the new Board Members and the Chairman. The purpose of the meeting is for the Chairman to:

- a) Take the Board Members through their role and responsibilities as Board Members, the operations of the Board including the Committee structure and Committee terms of reference; and
- b) For the Chairman to seek to understand the specific skills and expertise of the new member and how these can best be utilised within the Board.