



**NCBA BANK KENYA PLC**

**BOARD CHARTER**

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## **A. BACKGROUND**

### **1. Definitions**

	<b>Title</b>	<b>Meaning</b>
1.1	AGM	Annual General Meeting of the Company.
1.2	Bank	NCBA Bank Kenya PLC
1.3	Board	Board of Directors of the Bank, being a group of persons appointed by the Shareholder of the Bank to jointly supervise the Bank's activities.
1.4	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.
1.5	CBK	Central Bank of Kenya.
1.6	Chairman	Chairman of the Bank's Board of Directors.
1.7	CMA	Capital Markets Authority.
1.8	Committee	Committee of the Board which consists of members appointed by the Board (and approved by the Shareholder where applicable) and mandated to carry out specified functions, programs, or initiatives assigned by the Board.
1.9	Company	NCBA Bank Kenya PLC.
1.10	Company Secretary	The person appointed by the Board and charged with the responsibility for oversight of the official documents of the Bank and guidance on Corporate Governance matters.
1.11	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.

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| 1.12 | Corporate Governance | Processes and structures for the direction and management of the business and affairs of the Bank towards enhancing business prosperity, sustainability and corporate accountability with the ultimate objective of upholding and realising long-term stakeholder value.   |
| 1.13 | Director(s)          | Board Director(s) of the Bank 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. |
| 1.14 | 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.  |
| 1.15 | EXCOM                | The Executive Committee comprising Senior Management Officers charged with the execution of the Bank's strategy.   |
| 1.16 | Executive Director   | A Director in full employment (salaried) of the Bank, and involved in the Bank's day-to-day operations.  |
| 1.17 | 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.   |

1.18	Group / NCBA Group	Either singularly or collectively: NCBA Group PLC and all its direct and indirect subsidiaries.
1.19	Managing Director (MD)	The Executive Director or Chief Executive Officer with the primary responsibility for the strategic and operational management of the Bank.
1.20	Head of Finance	Group Director, Finance or equivalent officer of the Bank.
1.21	Independence	Independence within the meaning ascribed in part A on Background, sub-section 2.4.3 of this Charter.
1.22	Independent	Independent within the meaning ascribed in part B on Governance Structure, sub-section 2.4 of this Charter.
1.23	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.
1.24	Non-Executive Director	A Director of the Bank who is not involved in the day to day management of the Bank's operations and who is not an employee of the Bank.
1.25	Other General Meeting	A general meeting of the Shareholder other than the Annual General meeting.
1.26	PLC	Public Limited Company.
1.27	Policies & Procedures / Practices	Policies and procedures / practices applicable to the Bank from time to time as adopted.
1.28	Security / Securities	Equity, debt or other security / securities of any kind of the Bank.
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 Bank.

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| 1.31 | Stakeholder    | Persons with an interest or concern, whether direct or indirect, in the affairs of the Bank.   |
| 1.32 | Sustainability | Conducting the Bank's operations in a manner that meets existing 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.   |

## 2. Introduction

- 2.1 The Objective of NCBA Bank Kenya 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 Bank, operating under a Group structure with a number of affiliates in Africa, offers diversified financial solutions to its clients.
- 2.3 The Board of the Bank regards Corporate Governance as key to the success of the Bank'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 Bank'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 of 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 Bank;
- 2.4.6 **Fairness:** the systems that exist within the Bank must be balanced in taking into account all those that have an interest in the Bank 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 Bank will uphold at all times are ***Driven, Open, Responsive and Trusted.***
- 2.6 The Bank'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), select provisions of 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 The Board shall review and assess the adequacy of this Charter and its Committees' Charters / Terms of Reference at least every three years, or more frequently if significant changes occur, and make any necessary or desirable amendments to ensure they remain consistent with the Bank's objectives, current laws and governance best practice.
- 2.12 This Charter sets out the key governance principles adopted by the Board in governing the Bank'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 the Shareholder and other stakeholders for ensuring that the Bank 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 Bank'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 Bank's stakeholders in a responsible, accountable, fair and transparent manner.
- 3.5 Board Members shall therefore act in the best interest of the Bank 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 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 Bank's strategic objectives, risk strategy, Corporate Governance and corporate values in order to achieve the Company'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 Bank's stakeholders.
- 1.4 The Board shall also establish and be satisfied with the Bank'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 Bank's business.

- 2.2 The Board shall have a minimum of five (5) and, in accordance with the Articles of Association, a maximum of thirteen (13) 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 the Group's 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 interests in the Bank 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 Bank in an executive capacity within the last five years;
  - 2.4.2 Is not associated with an adviser or consultant to the Bank or a member of the Bank's senior management or a significant customer or supplier of the Bank or with a not-for-profit entity that receives significant contributions from the Bank; or within the last five years, has not had any business relationship with the Bank (other than service as a Director) for which the Bank has been required to make disclosure;
  - 2.4.3 Has no personal service contract with the Bank, or a member of the Bank's senior management;
  - 2.4.4 Is not employed by a public listed company at which an executive officer of the Bank 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 Bank;
  - 2.4.6 Is not a representative of a shareholder who has the ability to control or significantly influence management or the Board;

- 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 Company which is either material to the Director or to the Company. A holding of five percent or more is considered material; and
  - 2.4.9 Does not hold Cross - Directorships or significant links with other Directors through involvement in other companies or bodies external to the Bank; 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.
- 2.5 Each independent Director will notify the 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 the shareholder 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 Bank. In this regard, the Board has adopted the 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 Shareholder, who is ultimately responsible for the appointment of Directors to the Board.

- 3.2 The Board has entrusted the screening process to the Group Board Governance and Nominations Committee (BGNC), which is composed mainly of Independent and Non-Executive Board Members; and which will also consider recommendations on appointments from other Directors and the Shareholder.
- 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 BGNC, 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 Bank;
  - 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 the Group's 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 Bank'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 BGNC will review the membership criteria regularly and modify them as appropriate.

#### **4. Regulatory 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, CMA 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 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 Company Secretary, shall maintain a register of Directors' holdings of shares and debentures of the Bank 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 BGNC and as set out under part B, section 4 above. In accordance with the provisions of the Articles of Association of the Bank, Directors appointed by the Board in this manner will retire and may stand for election 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 Bank set a term limit of three (3) years for each Director and requires one third of all Directors - excluding the Executive Director(s) - 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 serve in that capacity until a formal assessment by the Board – through the BGNC) determines that he/she no longer qualifies to be an Independent Director. The Director may, upon redesignation, assume the role of a Non-Executive Director subject to concurrence by the Board and Shareholder.
- 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 BGNC, and approval by the Board, using similar criteria for the nomination of substantive Directors.
- 7.2 Alternate Directors shall also be subject to vetting by CBK, CMA and/or 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 Bank under the hand of the Director making or revoking such appointment, subject to appointments being approved by the Board.

## **8. Resignation/Removal of Board Members**

- 8.1 In line with and in addition to article 15.18 of the Bank'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 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 Bank.

- 8.3 The Board shall ensure that the resignation and/or removal of a Board Member is reported to CBK, CMA, 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 to the supervisory authorities and within the statutory period defined in the Companies Act and/or Regulations.
- 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 after Board approval;
  - 8.4.2 in the Bank's website immediately after Board approval; and
  - 8.4.3 in the annual integrated report at the end of the financial year.

## **9. Directors' Change of Status**

The BGNC 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 in 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 Bank's business.
- 10.2 No Director of the Bank 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 and/or the Bank.
- 10.3 To ensure effective participation in the Board, the Chairman of the Board of Directors of the Bank, shall not hold such position in more than two public listed entities at any one time.
- 10.4 A Non-Executive Director of the Bank shall not hold such position in more than three public listed companies at any one time.

- 10.5 An Executive Director of the Bank 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 Bank.
- 10.6 Before accepting an additional Board position in an unlisted entity, a Director of the Bank should consider whether the acceptance of the new Directorship will compromise the ability to perform present responsibilities at the Bank or present a conflict of interest. Directors are required to consult the Chairman prior to accepting a seat on the Board of another entity.
- 10.7 The Board, through the BGNC, will review appointments for service on other boards by members of the Bank, prior to their acceptance of those appointments. This review may be delegated to the 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 Board Committees will observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise;
- 11.6.3 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;
- 11.6.4 Board Committees shall have a minimum of three members;
- 11.6.5 Non-Executive Directors should be appointed as the chairpersons of each committee. Notwithstanding this, the Chairpersons of the Risk Management and Audit Committees shall be Independent Directors;
- 11.6.6 The Chairman of each Committee may invite Bank executives whose duties correspond to the Committee's area of concern;
- 11.6.7 If necessary, Committees may enrol experts with required professional skills relevant to the work of the particular Committee;
- 11.6.8 Each Non-Executive Director, with the exception of the Board Chairman, should be a member of at least one Committee; and
- 11.7 The Board has established the following Committees for the Bank:
  - 11.7.1 Board Audit Committee;
  - 11.7.2 Board Risk Management Committee; and
  - 11.7.3 Board Credit Committee.
- 11.8 The Board may establish such other committees or ad-hoc sub-committees as necessary to deal with any matters requiring focused attention.
- 11.9 The Chairpersons of all Board Committees shall be appointed by the Board through the Chairman and the Chairpersons shall be Non-Executive Directors.
- 11.10 The members of the Audit Committee shall be approved by Shareholder during the Bank's Annual General Meeting.
- 11.11 At least one member of the Audit 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 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 Chairman is responsible, with consideration of the desires of individual Board members, for the assignment of Board members to various Committees.
- 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 Company Secretary, shall develop the Committee's agenda.
- 11.23 The Committees of the Board may take independent professional advice at the Bank'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 Bank.

- 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 Bank.
- 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 Bank.
- 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 Managing Director and Company Secretary, is also responsible for ensuring that the Board receives accurate, timely and high-quality supporting information about the Bank's performance at appropriate intervals and in an appropriate manner to enable the Board to make sound decisions, monitor strategy and business operations effectively and provide advice to promote the success of the Bank.
- 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 and, 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 stakeholders and ensure that 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 Company Secretary;
- 12.5.9 Take the lead in identifying and meeting the immediate and continuous professional development needs of individual Directors, with the 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 Managing Director, represent the Bank to external interest groups including the Group's 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/her.
- 12.8 The Board will immediately, or as soon as reasonably practical but not later than within seven (7) days, inform CBK, CMA, and any other applicable authority in the event that the Chairman vacates office, including the reasons for such exit, and notify the Registrar of Companies within the statutory period defined in the Companies Act and/or Regulations.

### **13. Managing Director**

- 13.1 The Board has delegated the responsibility for the day-to-day management of the Bank to the Managing Director, who is responsible for leading the Senior Management team and for formulating and implementing operational decisions.
- 13.2 More specifically, the 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 Bank 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 Bank's long-term strategy;
  - 13.2.5 Ensure that the day-to-day business affairs of the Bank are appropriately managed;
  - 13.2.6 Consistently strive to achieve the Bank'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 Bank;
  - 13.2.8 Ensure that the Bank achieves and maintains a satisfactory competitive position locally, and robust reputation regionally and internationally;
  - 13.2.9 Ensure that the Bank has an effective management team below the level of the 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 Managing Director position;
  - 13.2.11 Formulate and oversee the implementation of major corporate policies; and
  - 13.2.12 Act as the Bank's Brand Ambassador by serving as its chief spokesperson.
- 13.3 The Managing Director together with the Chairman and the Company Secretary will regularly review the Board's and the Bank'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 Bank.

#### **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 has been appointed by the Board to serve as the Bank's Company Secretary and is empowered to efficiently and effectively execute his/her duties and responsibilities.
- 14.3 The 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 Company Secretary will be to:
  - 14.4.1 Work with the Chairman and 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 Bank, 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 Bank;
- 14.4.6 Facilitate induction training for new Directors and assist with Directors' professional development as required. This includes identifying and facilitating appropriate Board professional development courses;
- 14.4.7 Under the direction of the 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 Chairman in ensuring that annual evaluations 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 Bank 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 Bank 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 Bank maintains a register of Directors' declared conflicts of interest;
- 14.4.12 Coordinate the governance audit process (where applicable);

- 14.4.13 Maintain custody of the Bank's Seal, account to the Board for its use and maintain a record of its use;
- 14.4.14 Facilitate effective communication between the Bank and the Shareholder;
- 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 Bank 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 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 Bank'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 Bank and the legitimate interests and expectations of the Group's shareholders and other stakeholders;
  - 1.4.3 Define the Sustainability goals of the Bank and ensure that the strategy of the Bank is aligned to the Group's long-term goals on Sustainability;
  - 1.4.4 Ensure that the Bank 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, Bank 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 Bank;
- 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 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 Bank's Internal Control, acquisition and divestitures, and management information systems;
- 1.4.12 Establish and implement a system that provides necessary information to the Group's shareholders, in line with the Group Stakeholder Relations Policy;
- 1.4.13 Monitor the effectiveness of the Corporate Governance practices under which the Bank 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 Bank's corporate culture and values and ensure observation of the same including appropriate ethical standards as guided by the Group Code of Conduct and Ethics;

- 1.4.16 Oversee the implementation of key policies pertaining to the Bank's capital adequacy assessment process, capital and liquidity plans, and credit and compliance policies and obligations;
- 1.4.17 Determine the dividend policy / approach and the amount and timing of dividends to be paid;
- 1.4.18 Nominate suitable candidates for appointment as new directors into the Bank's Board of Directors and recommend the compensation structure and practices for the members of the Board for approval by the Shareholder;
- 1.4.19 Review related party transactions to assess risk exposure, 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 Bank's strategic objectives;
- 1.4.22 Approve significant commitments, transactions, expenditures, write-offs and settlement of litigation or claims against the Bank exceeding the limits delegated to EXCOM and as defined in the Bank's Authority Devolution Matrix;
- 1.4.23 Approve and oversee the sustainability governance framework to guide the identification and management of Environmental, Social and Governance (ESG) risks and opportunities, hold senior management accountable for ESG performance, ensure the integrity of sustainability reporting, align practices with recognized standards and frameworks, define an appropriate sustainability-linked risk appetite, and consider the incorporation of measurable ESG targets into executive performance targets.
- 1.4.24 Promote a positive image of the Bank; and
- 1.4.25 In furtherance of its duties the Board may take in independent professional advice, if necessary, at the Bank's expense.

## 1.5 Shareholder Relations

- 1.5.1 The Board shall endeavour to familiarise itself with issues of concern to the Group's shareholders, with appropriate disclosures to be made in the Annual Integrated Report; and

1.5.2 The Board will provide oversight of reporting to the Group's Shareholders on the direction, governance and performance of the Bank as well as other processes that require reporting and other disclosure requirements.

## 1.6 Corporate Governance

The Board has the overall responsibility for adequate Corporate Governance across the Bank and shall 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 Bank's governance framework and activities;

1.6.2 Implement the applicable provisions of the Group Corporate Governance Policy;

1.6.3 Ensure that the Bank has adequate resources to meet both Group standards and domestic law governance requirements;

1.6.4 Ensure the development of Bank wide policies that are desirable for application across the Bank so as to drive uniformity and embed an appropriate corporate culture aligned to that of the Group; and

1.6.5 Put in place measures to ensure that the Bank complies with all applicable governance requirements.

## 2. **Matters Reserved for the Board**

The Board is responsible for the stewardship of the Bank and 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 Bank, 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 Bank'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 establishment of a 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 Bank'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 Bank 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 risks 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 matters; 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 Bank's objectives, strategic plans, and the Purpose and 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 every three to five years review the corporate strategy, and values and develop a strategic plan to attain the corporate vision, 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 / approach, 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 Recommendation to the Shareholder of any increase, reduction or alteration to the share capital of the Bank and the allotment, issue or other disposal of shares of the Bank.

## 2.4 Internal Controls and Risk Management:

- 2.4.1 Approving the Bank'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;
- 2.4.3 Approving procedures for the detection of fraud and the prevention of bribery; and

2.4.4 Delegating appropriate level of responsibility to Management for the effective implementation of a good system on internal controls and accountability thereof.

2.5 Appointments and Remuneration:

2.5.1 Appointment of Board Committee members, Managing Director / Executive Director(s), Company Secretary, and internal and external auditors (consultatively between the Board Audit Committee and Management);

2.5.2 Establishment of a Board Remuneration Policy, which is subject to Shareholder approval. The Board has adopted the Group Board Remuneration Policy for this purpose;

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 Bank and on the Board;

2.5.4 Approval of the level of remuneration paid to Directors (Executive and Non-Executive Board Members of the Bank) within any limitations in the Board Remuneration Policy or as may be imposed by the Shareholder:

2.5.4.1 The remuneration should be sufficient to attract and retain the Board Members needed to run the Bank 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 their contracts; and

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

2.6 Governance Matters:

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

2.6.2 Approval of Bank 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 Bank;

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

2.7.1.3 The frequency of meetings of the Board;

2.7.1.4 The convening of General Meetings of the Bank;

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

2.7.1.6 The granting of general signing authorities pursuant to the Articles of the Bank;

2.7.1.7 The appointment, removal or replacement of the Company Secretary;

2.7.1.8 The variation of the rights attaching to shares where such powers are vested in the Board;

2.7.1.9 The implementation of, and recommendations for changes to, 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 Bank;

2.7.2.2 Act in good faith to promote the success of the Bank 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 Bank or to any act or omission by the Director;
- 2.7.2.7 Declare interest in a proposed or existing transaction or arrangement involving the Bank, in writing, before the Bank enters into the transaction or arrangement concerned;
- 2.7.2.8 Convene a general meeting of the Bank, if requested to do so by the Shareholder;
- 2.7.2.9 Cause the preparation of financial statements of the Bank for each financial year;
- 2.7.2.10 Ensure that the Bank's financial statements are prepared using the same financial reporting framework applicable to the Group;
- 2.7.2.11 Prepare an annual Directors' report and Directors' Remuneration Report;
- 2.7.2.12 Obtain Shareholder approval of the Directors' Remuneration Report;
- 2.7.2.13 Ensure that financial statements and other statutory returns are lodged 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. The Board has adopted the Group Related Party Transaction Policy for this purpose;
- 2.7.2.16 Establish a Conflict of Interest Policy. The Board has adopted the Group Conflict of Interest Policy for this purpose;
- 2.7.2.17 Develop a Code of Conduct and Ethics. The Board has adopted the Group Code of Conduct and Ethics for this purpose;
- 2.7.2.18 Undertake annual Board evaluations;

- 2.7.2.19 Establish a dispute resolution mechanism for internal and external disputes. The Board has established a Group Human Resources Policy that provides for management of internal grievances, and has adopted the Group Stakeholder Relations Policy that provides for external stakeholder dispute resolution mechanisms;
- 2.7.2.20 Establish and put into place a Whistle Blowing Policy and ensure that the mechanism for whistle blowing is effective. The Board has adopted the Group Whistle Blowing Policy for this purpose;
- 2.7.2.21 Rotate the Bank's independent external auditors every six to nine years;
- 2.7.2.22 Establish an effective Risk Management Framework;
- 2.7.2.23 Establish an internal audit function that reports directly to the Board Audit Committee; and
- 2.7.2.24 Undertake, annually, at least twelve hours of continuous professional development on relevant topics from credible sources.

## 2.8 Regulatory:

- 2.8.1 The approval of, where applicable, terms and conditions of the Bank's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions or amalgamations;
- 2.8.2 The approval and authority to issue circulars to the stakeholders of the Bank;
- 2.8.3 The approval and authority to issue prospectuses, particulars of issuance of securities to the public including listing particulars, rights offers or takeover, amalgamation, or merger documents;
- 2.8.4 Recommending for Shareholder approval any ordinary or special resolutions in respect of the Bank;
- 2.8.5 Recommendations to the Shareholder on particular courses of action proposed by the Board; and

2.8.6 Any decision affecting the Bank's securities, including those on any stock / securities exchange where applicable.

2.9 Human Resources:

2.9.1 Appointments to and removals from the Board including the appointment of the Chairman, Managing Director / Executive Director, Non-Executive Directors and the 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 Group Board Governance and Nominations Committee, which shall be retrospectively approved by the Shareholder; and

2.9.4 The approval (in consultation with the Group Board Human Resources Committee) 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 Bank and applicable law;

3.1.3 Exercise the highest degree of care, skill and diligence in discharging his/her duties;

3.1.4 Act in the best interest of the Bank and not for any other purpose;

3.1.5 Act honestly at all times and avoid situations where 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 Bank;
- 3.1.12 Promote and protect the image of the Bank;
- 3.1.13 Diligently attend Board meetings and actively participate in deliberations of the meetings;
- 3.1.14 Owe the Bank a duty to hold in confidence all information accessed by virtue of being a Board Member; and
- 3.1.15 Disclose real, perceived or potential conflicts of interest and manage these within the Board approved 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 Bank.
- 4.2 There is however no limitation of liability for negligence or breach of a Director's duty of care and trust to the Bank or its stakeholders.
- 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 Bank'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 Directors' report.
- 4.6 While the Bank 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; or
  - 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 Bank, 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 Bank, 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 Bank shall maintain Directors' and Officers' liability insurance as appropriate. Directors should ensure that they are fully aware of the terms of this insurance cover.
- 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 Bank.
- 5.4 However, the business judgment rule:
- 5.4.1 Relates only to decisions about the ordinary business operations of the Bank; 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 Bank; 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 shall ensure the development of an effective and formal induction programme for newly appointed Board Members.
- 6.2 The Board (through the office of the Chairman and Company Secretary) shall ensure that newly appointed Board Members undergo a formal induction programme in line with Annex 4 of this Board Charter.
- 6.3 The induction programme will provide the Board Member with an orientation of the Bank, the Group, strategic plans, financial status and policies, risk management and compliance programmes, 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 Bank'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 Information on corporate governance practices, including Directors' fiduciary duties;
  - 6.5.4 Knowledge of the Bank's business processes, corporate strategies, management and key human resources;
  - 6.5.5 Familiarisation with, and attestation to, the Group Code of Conduct and Ethics;
  - 6.5.6 Knowledge of the financial documents including annual accounts, Board reports and other corporate disclosures;
  - 6.5.7 Information on enterprise risk, credit risk, asset and liability management, and financial risk management matters; and
  - 6.5.8 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 the Articles of Association, 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 regularly, and an annual development plan providing for at least twelve (12) hours of professional development in order to address identified skills gaps and improve both Board and Committee performance.
- 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 emerging issues relating to the effective 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 Bank and changes in laws and regulations, including accounting policies and practices.
- 7.5 The Managing Director shall, annually, submit to the Central Bank of Kenya a report detailing the Continuous Professional Development programmes that Board Members participated in.
- 7.6 Additional development may 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:
  - 7.6.1 External and internal training programs;
  - 7.6.2 Presentations or briefings on particular topics;
  - 7.6.3 Educational materials; and
  - 7.6.4 Meetings with key management.
- 7.7 The Bank 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.
- 7.8 The Board shall ensure that the 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 and organisational performance. The Board shall conduct an annual evaluation of the Board, the Chairman, individual Board Members, Board Committees, the Managing Director, and the Company Secretary with the aim of identifying their strengths, collective skills gaps, effectiveness, and individual areas of improvement. The focus of the 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 detailed thematic questionnaires and discussions. In line with best practice, the following evaluations will be performed and documented annually:
- 8.2.1 Overall Board evaluation;
  - 8.2.2 Chairman's evaluation;
  - 8.2.3 Managing Director's evaluation;
  - 8.2.4 Directors' peer evaluations;
  - 8.2.5 Board Committees' evaluations;
  - 8.2.6 Company Secretary's evaluation; and
  - 8.2.7 Any other evaluation areas 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 Guideline's Board Evaluation Form and Individual Director Evaluation Form.
- 8.4 The Board opts between self-assessments moderated internally and evaluations moderated by an independent governance specialist.

- 8.5 The Board shall ensure that an Evaluation Report is prepared, and a summary of the report disclosed to the Shareholder.
- 8.6 In accordance with the requirements of the CBK Prudential Guidelines, the Managing Director will submit a report on the outcome of the Board evaluation to the Central Bank of Kenya by the 31<sup>st</sup> 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 Bank's strategy and that clearly stipulates the elements of such remuneration including Board Members' fees, attendance allowance and, where applicable, bonuses. The Board has adopted the Group Board Remuneration Policy for this purpose.
- 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 Bank and the prevailing market rates.
- 9.3 The Board will consult with the Group Board Executive and Strategy Committee and the Group Board Governance and Nominations Committee to determine the remuneration of the Executive and Non-Executive Board Members respectively, including the structure of their remuneration 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 Shareholder value.
- 9.5 The Directors shall be entitled to be reimbursed for any costs for travel that they may incur for attendance of official meetings.
- 9.6 Any Director who performs special services, or goes, or resides abroad for any purpose of the Bank's Board business may be paid such extra remuneration by way of additional allowances as the Board may determine.
- 9.7 The Board shall report to the Shareholder on remuneration paid annually, and include the remuneration details in the annual reports and accounts, while any increase in fees and allowances paid to Non-Executive Directors shall be subject to Shareholder approval retrospectively.

## **10. Board Succession Planning**

- 10.1 The Board shall approve, review periodically 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 seamless transitions, and retention of institutional memory.
- 10.3 Where possible, no more than one third (1/3<sup>rd</sup>) 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 Managing Director / Executive Director and regularly review the same.
- 10.5 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 Shareholder to continue serving on the Board.
- 10.6 The Board, in consultation with the Group Board Executive and Strategy Committee, will identify and regularly update the qualities and characteristics necessary for the effective long-term development and succession planning for the roles of the Managing Director / Executive 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 Managing Director and his or her direct reports;
  - 10.6.2 Reviewing the outside activities of senior officers; and
  - 10.6.3 Ensuring that the Board, including Non-Executive Board Members, has periodic exposure to senior officers who may ultimately be promoted to corporate executive positions, as appropriate.
- 10.7 Working with the Managing Director, the Board should establish plans for contingencies such as the departure, death or functional disability of the Executive Director(s) to facilitate the transition to both interim and substantive 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 Bank'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 appropriate Management Committees are set up to help Management effectively perform their role. In this regard, the following Management Committees have been established:
  - 11.4.1 Executive Management Committee;
  - 11.4.2 Asset and Liability Committee;
  - 11.4.3 Risk Management Committee;
  - 11.4.4 Management Credit Committee;
  - 11.4.5 Procurement Committee;
  - 11.4.6 IT & Projects Committee; and
  - 11.4.7 Crisis Management and Business Continuity Committee.
- 11.5 The Board shall hold Management accountable for:
  - 11.5.1 The day-to-day management of the Bank while ensuring that integrity permeates all aspects of the Bank'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 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 Bank.

### **13. Board Papers**

13.1 The Board shall establish standards for the preparation and presentation of Board papers and reports.

13.2 The 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 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) calendar 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 Managing Director;

13.5.2 A report from the Group Director, Finance;

13.5.3 Specific proposals for capital expenditure or any other matters requiring a Board resolution;

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 alongside 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 using a similar channel, or at such other time and place / channel 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, which must be maintained throughout the meeting;
- 14.1.8 Board and Committee members who are unable to attend shall inform the respective Chairperson and Company Secretary well in advance of the meeting for recording, and where approved ensure that their duly appointed Alternate Directors attend the meetings;
- 14.1.9 A Committee Chair, in consultation with Committee members, will determine the frequency and length of the meetings of each Committee as well as the agenda;
- 14.1.10 Each Committee will, annually, endeavour to issue an outline of their agenda through a work plan to guide discussions for the ensuing year (to the degree these can be foreseen). This planned agenda should be shared with the Board by the beginning of each year;
- 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 Managing Director's / Executive Director's

performance, and where relevant consider compensation, and succession planning. These sessions will also provide an opportunity for the Board 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 Chairman. Any member may, through the Chairman, request the addition of an item to the agenda. The Chairman in consultation with the Managing Director and the Company Secretary will set the agenda;
- 14.2.2 The notice and agenda of the Board and Committee meetings shall be issued by the 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 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) calendar days in advance, with the exception of ad-hoc or special meetings convened at short notice. 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 seven (7) 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 Board and Committee members are obligated to review the material in advance of the meetings to enhance effectiveness;

- 14.2.8 The Chairperson may convene a special meeting by giving not less than seven (7) days' notice, or such other shorter duration agreed to by the Directors; and
  - 14.2.9 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 Multi-Site, Virtual or Hybrid Meetings:
- 14.4.1 Notwithstanding the provisions on meeting venue described in clause 14.3, the Board and its Committees may meet by any other means of communication approved by the Board, including meeting entirely by means of telephonic, electronic or other communications facilities that permit all participants to communicate adequately with each other during the meeting;
  - 14.4.2 Where a Board or Committee meeting is held by multi-site, virtual or hybrid means, the following guiding principle shall apply:
    - 14.4.2.1 The Company Secretary shall ensure that the necessary arrangements are in place to facilitate effective and secure communication during the meeting;
    - 14.4.2.2 On sending out the notice of the meeting, the Company Secretary shall include the means of conduct and mechanism for accessing and participating in the meeting;
    - 14.4.2.3 At the start of the scheduled meeting and for the purpose of confirming quorum, a record of attendance shall be taken;
    - 14.4.2.4 The Chairperson should ensure that resolutions are clarified for record purposes; and
    - 14.4.2.5 The Chairperson should ensure that the agenda is suitable for the nature of the meeting.

- 14.4.5 If a Board Member opts to participate remotely in the case of a multi-site or hybrid meeting, he/she should give notice to the Company Secretary of at least seven (7) days prior to the scheduled meeting.
- 14.4.6 In the absence of confirmation from a Board Member that he/she will participate remotely in a multi-site or hybrid meeting, 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.
  - 14.5.8 The Chairman will always seek a consensus in the Board, failing which, where extremely necessary he will call for a vote. The 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 Bank in any financial year.
- 14.6.2 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.
- 14.6.3 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, or for administrative purposes.
- 14.6.4 A person so invited shall not vote.
- 14.6.5 It shall be the decision of the Board to admit to the Board meeting, Management and or other subject matter experts.
- 14.6.6 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
- 14.6.7 Should the 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 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 Company Secretary shall act as secretary of all meetings of the Board, provided that, in his or her absence, the Chairman or person presiding shall appoint another person to act as secretary of the meeting.

- 14.7.2 The Chairman will always seek a consensus in the Board, failing which, where extremely necessary he will call for a vote. The 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 (either digitally or by print copy) and none of them objects to this form of adoption.
- 14.7.6 Approval of decisions by written resolution shall be effected in writing (either digitally or by print copy) by majority (>50%) of Board members or by all members of a Committee. Objection to this 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 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 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.
- 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 Bank, 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**

The Board should dedicate sufficient time at least once a year to develop and/or review strategy together with Executive Management. During this session, the Board will review the Bank's long-term strategic plans and deliberate upon the Bank's strategic priorities, including capital management, liquidity and risk strategy among other areas of strategic focus.

## **16. Board Members' Access to Management and Bank 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 and facilitated by the Chairman in consultation with the Managing Director, with the exception of the assurance functions and the Company Secretary who ordinarily are expected to regularly communicate with the Board members. It is expected that Board Members will use judgment to ensure that contact with Management is not distracting to the business operation of the Bank.
- 16.2 Board Members shall however not give direction to Management, other than through the Managing Director and ensure that any such access does not disrupt the operations of the Bank.

- 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 Bank.
- 17.2 The Board shall therefore promote ethical conduct and sanction misconduct. Towards this end, the Board has established a Director' Code of Conduct (Appendix 1) and adopted the Group's Code of Conduct and Ethics and Whistle Blowing Policy, ensuring 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 Directors and/or the Bank engaging in any improper or illegal activities such as money laundering, fraud, bribery and/or corruption.
- 17.4 The Board shall review the applicable Codes and Policies as necessary and collaborate with the Group Board in reviewing common policy provisions.

## **18. Conflict of Interest and Independence**

- 18.1 Board Members shall comply with the Directors' Code of Conduct and the Group Conflict of Interest 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 Bank.
- 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 Bank as specified in the Directors' Code of Conduct attached to this Charter under Appendix 1.

- 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 businesses.
- 18.6 While Directors must take care with respect to any external activities to avoid conflicts 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 Company Secretary shall maintain a register in which all declared conflicts of interest are to be recorded and maintained.

## **19. Common Seal of the Board**

- 19.1 The common seal of the Bank shall be held by the 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.
- 19.2 The Common seal of the Bank 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.

## **20. Commitment**

- 20.1 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. An undertaking will be deemed to have been secured upon acceptance of a Director's appointment letter.
- 20.2 Each Director shall, annually, execute the Personal Declaration Form as detailed under Annex 2 or in such other suitable form that provides the requisite information.

## **21. Directors' Leave of Absence**

### 21.1 Eligibility for Leave of Absence

A Director who is temporarily unable to continue active service on the Board may request a leave of absence in accordance with Clause 22.5 of this section.

### 21.2 Grounds for Leave

Leave of absence may be granted on reasonable and justifiable grounds, including but not limited to:

- Personal or family health matters (medical grounds).
- Family emergencies or caregiving responsibilities.
- Professional transitions (e.g., relocation, or career development opportunities).
- Force majeure or unforeseen disruptive events.

### 21.3 Thresholds

21.3.1 A qualifying threshold for requesting leave of absence shall be where a Director expects to miss 25% or more of Board or Committee meetings in a financial year.

21.3.2 The maximum allowable threshold is 50%. Where this is exceeded, the Board may deem the position vacant and initiate the process for filling the resulting casual vacancy, in line with the Company's Articles of Association.

21.3.3 The Board reserves the right to consider exceptional circumstances, based on a formal request for extension, submitted by the Director and reviewed through the Group Board Governance and Nominations Committee (BGNC)

#### 21.4 Status During Leave of Absence

21.4.1 A Director on leave of absence shall not vote on Board or Committee matters or attend meetings, unless specifically permitted by the Board Chairman or respective Committee Chairman.

21.4.2 The Director shall be recorded under "Apologies – On Leave of Absence" in official minutes and other records requiring formal attendance or decision-making.

#### 21.5 Procedure for Requesting Leave:

21.5.1 A Director shall submit a formal request via letter or email to the Board Chairman, with a copy to the Company Secretary. The request should clearly indicate:

- The intended start date of the leave.
- The anticipated duration.
- The reason for the request.

21.5.2 The Board Chairman shall review the request and forward it to the BGNC Chairman with a recommendation.

21.5.3 The BGNC Chairman will facilitate Committee consideration of the request at the next scheduled meeting, or via ad hoc session or circulation, depending on the urgency and impact on Board operations.

21.5.4 The BGNC shall provide its recommendation to the Board Chairman.

21.5.5 The Board Chairman will communicate the final decision to the Director and the full Board. Where full Board approval is required, the matter shall be escalated accordingly and handled expeditiously.

21.5.6 The Company Secretary will prepare and issue all necessary communications and documentation to implement the decision.

#### 21.6 Acceptance and Emergencies:

A leave of absence request shall not be considered approved until formally communicated. However, in cases of emergency, a Director may commence leave immediately, pending formal response via the Board Chairman.

#### 21.7 Temporary Replacements and Regulatory Considerations:

21.7.1 To maintain Board continuity, the BGNC may recommend that an existing Director be appointed to temporarily assume the responsibilities of the absent Director.

21.7.2 If the absence results in a regulatory breach (e.g., lack of quorum or skills coverage), the Board shall ensure that Management notifies the relevant regulator and seeks a deferral of enforcement action, while concurrently evaluating the need to appoint an additional Director.

#### 21.8 Precedence of Regulatory and Governing Instruments:

This Policy shall be read in conjunction with:

- The Articles of Association of the relevant NCBA entity.
- The Board Charter.
- Any applicable regulatory requirements, which shall prevail in case of conflict.

## **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 Bank 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 Company Secretary, Managing Director, the 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 ethics, 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 interests.
- 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.
    - 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 Bank's business during office hours.
- Where the acquisition of any business interest or participation in any business activity outside the Bank and office hours demands excessive time and attention from the Executive Director, thereby depriving the Bank 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 Bank's working hours with the Chairman of the Board.
- 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 Bank will not be jeopardised.

d) Corporate Directorship

- Directors must declare other directorships held in any other corporation(s).
- 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.
- 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 Bank'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 Bank 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 Bank to which they are entrusted either jointly or individually.
- c) Directors must not use the Bank'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.
- 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 Bank, 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.
- 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 Bank 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.

- b) All records and computer files or programmes of the Bank, 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 Bank and its customers is paramount in maintaining the Bank'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 Bank's written consent) divulge or make use of any secrets, copyright material, or any correspondence, accounts of the Bank or its customers. No Director shall in any way use information so obtained for financial gain.
- 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 permitted and/or required by law.

**6) Fair and Equitable Treatment**

- a) All business dealings on behalf of the Bank with current or potential customers, members of staff and those who may have cause to rely upon the Bank, 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.
- 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 Bank 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 the Group's 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 and made in the normal course of business and on terms similar to those offered to ordinary customers of the Bank. The Bank 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 Bank; or
- 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 Bank; 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 Bank Kenya PLC  
P. O. Box 44599 – 00100  
NCBA Centre  
Mara & Ragati Roads, Upper Hill  
Nairobi

Dear Chairman,

**UNDERTAKING FOR THE CODE OF CONDUCT AND ETHICS**

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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:**

Full Name.....

Designation: .....

Signature: ..... Date.....

**NB: Attestation may be undertaken digitally or through the letter of appointment.**

**Annexure 2 – Board of Directors Personal Declaration Form**

**DIRECTORS' DECLARATION OF INTERESTS**

**PRIVATE & CONFIDENTIAL**

**Section 1: Personal Information**

<b>Director's Full Name</b>	
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**Section 2: Employment / Business Positions (Last 5 years)**

No.	Period	Employer / Business Name	Position Held	Responsibilities
1				
2				
3				

**Section 3: Directorships<sup>1</sup>**

No.	Entity Name	Nature of Business	Designation <sup>1</sup> (ED/NED/INED)	Date of Appointment
1				
2				
3				

**Section 4: Membership in Professional Bodies**

No.	Professional Body	Membership No.	Position Held (if any)	Status (Good Standing) – Y/N
1				

**Section 5: Shareholding and Ownership Interests<sup>2</sup>**

**a) Direct Shareholding (including nominees):**

No.	Company Name	Date of Incorporation	No. of Shares	% Shareholding
1				
2				
3				
4				
5				

<sup>1</sup> ED = Executive Director / NED = Non-Executive Director / INED = Independent Director.

<sup>2</sup> To cover any ownership interest in any entity, whether or not listed on a securities exchange.

6				
7				
8				
9				
10				

**b) Associates (Business or Family as per Sec. 2 of the Banking Act<sup>3</sup>):**

No.	Nature of Relationship	Date of Birth / Incorporation	For Entities	
			No. of Shares	% Holding
1				
2				
3				
4				
5				

**Section 6: Business Dealings with NCBA Group<sup>4</sup>**

Please list any of the above affiliations that currently maintain a business relationship with the Group:

No.	Affiliate Entity / Associate	NCBA Entity	Relationship (e.g. Borrower, Vendor, etc.)
1			
2			

**Section 7: Potential Conflicts from Past Relationships**

<sup>3</sup> **Associate:**

(a) In relation to a company or other body corporate means:

- (i) its holding company or its subsidiary;
- (ii) a subsidiary of its holding company;
- (iii) a holding company of its subsidiary;
- (iv) its non-operating holding company as its subsidiary
- (v) a subsidiary of a non-operating holding company
- (vi) any person who controls the company or body corporate whether alone or with his associates or with its associates;

(b) In relation to an individual means:

- (i) Any member of his family;
- (ii) Any company or other body corporate **controlled** directly or indirectly, by him whether alone or with his associates; and a person shall be deemed to be a member of a family if he is the parent, spouse, brother, sister, child, uncle, aunt, nephew, niece, stepfather, stepmother, stepchild and adopted child of the person concerned, and in case of an adopted child his adopter or adopters.

(c) "Control" includes:

- i. the ability to influence, whether directly or indirectly, the composition of the board of directors of a company or any other body corporate; or
- ii. holding, directly or indirectly, whether personally or through a holding company or companies or subsidiaries thereof, or in any other way, an aggregate of twenty per centum or more of the voting power of a company or body corporate, whether alone or with associates or with other associates of the company or body corporate.
- iii. as may be determined by the Central Bank, where a person has the ability to exercise a dominant influence over the management or policies of a company or body corporate on the basis of an agreement or by any other means, regardless of the amount of formal ownership or voting rights.

<sup>4</sup> NCBA Group / Group collectively refers to NCBA Group PLC and its subsidiaries (1<sup>st</sup> and 2<sup>nd</sup> tier).

Please disclose any past relationships that may present a conflict of interest:

No.	Past Relationship (Affiliate Entity / Associate)	Nature of Potential Conflict of Interest
1		
2		
3		

### Section 8: Conflict of Interest Acknowledgement

I undertake to use my best efforts to avoid any situation in which my personal interests (including those of my spouse, children, relatives, business associates, or related persons) conflict with my official duties as a Director.

Where such a conflict arises, I commit to:

1. Declare the conflict to the Board immediately upon identification, either directly or through the Chairperson, Managing Director, or Company Secretary.
2. Comply with any guidance given thereof to avoid the conflict.
3. Refrain from any participation in discussions or decisions relating to the matter.

I further affirm that:

- I will not hold, directly or indirectly, any interest in a corporation, partnership, or other entity where such interest could result in a conflict with the Group.
- I will not influence the award of any contract or business opportunity to myself, my relatives, associates, or related entities.

### Section 9: General Declarations

- I do not hold any directorships or interests in companies that compete with the Group<sup>5</sup>.
- To the best of my knowledge, none of the entities in which I am a director or shareholder have defaulted on any financial obligations.
- These declarations extend to the interests of my immediate family.
- I will disclose any related party transactions that may arise as per regulatory guidelines<sup>6</sup>.
- I commit to notify the Board, through the Chairperson, of any material changes relating to my interests within seven (7) days of identification.

### Confirmation

<b>Signature</b>	
<b>Date</b>	

<sup>5</sup> Does not include those disclosed and approved following disclosure as described in Section 8.

<sup>6</sup> Refer to the NCBA Related Party Transactions Policy, accessible on BoardVantage (Policies).

**Annexure 3 - Declaration of Confidentiality on Appointment**

The Chairman  
NCBA Bank Kenya PLC  
P. O. Box 44599 – 00100  
NCBA Centre  
Mara & Ragati Roads, Upper Hill  
Nairobi

**DECLARATION OF CONFIDENTIALITY ON APPOINTMENT**

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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 for 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.....

**NB: Attestation may be undertaken digitally or through the letter of appointment.**

## **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 Bank.

To achieve this aim:

- a) The Bank 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 the programme.

### **2) Programme Design**

An effective induction programme will:

- a) Provide core information and advice to enable a new Director to understand the Bank 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 Bank operates;
  - Provide the Director with information on the operations of the Bank, 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 Bank'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 Bank's organisational structure;
- l) Copies of the Bank 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.
- b) The Managing Director (MD), with the assistance of the Company Secretary, will organise a structured event to introduce them to key Management officials and functions of the institution. At this session, the MD will give a brief presentation on their area of responsibility and answer any questions posed by the new Board Members.

The MD will:

- Commence the presentations with an overview of the business, key achievements and challenges and highlights from the Strategic plan. The MD will also highlight key issues impacting the Bank's performance;
- Explain the Group and Bank 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, and the Head of Internal Audit to highlight the key attributes and status of internal controls. Other departmental heads may be invited to outline key strategic aspects of the Bank's business.

The 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 agenda for each meeting; and
- Highlights from the most recent Board evaluation report.
- Any material issues from independent audits and/or regulatory inspections.

#### **5) Meeting with the Chairman**

A meeting shall be arranged between the new Board Member and the Chairman, if not already done prior to onboarding. The purpose of the meeting is for the Chairman to:

- a) Take the new Board Member through his/her role and responsibilities as a Board Member, and 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.