



THE KENYA POWER AND LIGHTING COMPANY PLC

BOARD CHARTER

DEFINITIONS & ABBREVIATIONS:

Title	Meaning
AGM	Annual General Meeting of the Company.
Appointed (Appointment) of Directors	Appointment of a Director by the holder of Class B shares or elected by the holders of Class A shares at the Company's Annual General Meeting.
Board	Board of Directors.
Board Charter	Charter of corporate governance in relation to the Board contained in this document.
CMA	Capital Markets Authority.
Company	The Kenya Power & Lighting Plc
Company Secretary	Secretary of the Board.
Director(s)	A member of the Board of the Company and the Alternate Director(s), as the case may be, or the Directors assembled as a Board.
EGM	Extraordinary General Meeting of the Company.
Executive Director	The Managing Director(MD) and Chief Executive Officer(CEO) of the Company.
Memarts	Memorandum & Articles of Association of the Company.
Non-Executive Director	A Director not in full employment of the Company.
Independence	Independence within the meaning of Chapter 3, Section 3 of this Charter.
Independent	Within the meaning of Chapter 3, Section 3 of this Charter.
Internal Control	The process effected by the Board, Management, and other personnel, designed to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Shareholder

Holder of shares in the Company.

Senior Management

Staff holding the position of General Manager, or such other title as the Board may from time to time designate and above.

INTRODUCTION

The Kenya Power and Lighting Company Plc. (The Company) is a Public Limited Liability Company incorporated in Kenya under the Companies Act, 2015 (previously Chapter 486, Laws of Kenya) and listed on the Nairobi Securities Exchange. The Company's core business is to transmit, distribute and retail electricity which is purchased in bulk from various generating companies and to provide related customer services throughout Kenya.

Our Vision

Energy solutions provider of choice.

By becoming the preferred energy solution for businesses and individuals, we empower our customers to achieve more and reach their full potential.

Our Mission

Powering people for better lives by innovatively securing business sustainability.

By striving to provide world-class products and services that delight our customers and transform lives as we ensure viability of our business.

Core Values

We put our ***customers first*** as they matter most.

We work together as ***one team*** to achieve our goals.

We are ***passionate*** about powering the nation.

We believe in ***integrity*** and delivering on our promises.

We strive for ***excellence*** in all that we do.

We are ***accountable*** to our customers and stakeholders.

Guiding Corporate Governance Principles

The Directors of the Company regard Corporate Governance as a key driver to the success of the Company and are unreservedly committed to applying the values and principles necessary to ensure that good corporate governance is practiced in all of the Company's business dealings with its employees, customers, shareholders, and other stakeholders.

CHAPTER 1

PURPOSE OF THE BOARD CHARTER

- 1.1 This Board Charter outlines the Company's main corporate governance practices and which both the Board collectively and the Directors individually are committed to.
- 1.2 It provides a concise overview of the roles and responsibilities of the Board members, powers of the Board and Board Committees, separation of roles between the Board and Management and the practice of the Board in respect of corporate governance.
- 1.3 The Board Charter does not override any of the Directors' powers and responsibilities as laid out in the Company's Articles of Association, the Companies Act, 2015, the Capital Markets Authority Code of Governance Practices for Issuers of Securities to the Public 2015, or other legislative requirements and must be read together with these. The Company will adhere to the comply or explain principles of the *Mwongozo* Code of Corporate Governance for State Corporations.
- 1.4 The principles and policies set out in the Board Charter are in addition to and are not intended to change or interpret any law, regulation, or guidelines on corporate governance which the Company ascribes to.
- 1.5 The Board will, in carrying out its function and exercising its powers, at all times fulfil its overriding responsibility to act honestly, conscientiously, and fairly, in accordance with the law.
- 1.6 Before accepting to be a Director, each Director shall familiarize themselves with the legal and regulatory guidelines applicable to the Company, the Company's particulars derived from the Articles of Association including the Director's Code of Ethics, and any knowledge necessary for the discharge of their duties.
- 1.7 The Board of Directors will review this Board Charter at least every three years, and, if appropriate, amend it from time to time.
- 1.8 Each Director undertakes to subscribe to this Board Charter. The Board Charter shall be made available to each Director and will be readily available at the Company's registered office and the Company's website.

CHAPTER TWO

THE BOARD

2.1 Authority of the Board

- 2.1.1 The Board constitutes of Directors appointed as provided for in the Articles of Association to oversee the management of the Company with the aim of advancing the best interest of the Company.
- 2.1.2 The Board is responsible for ensuring that the Company is effectively managed to ensure long-term financial returns for Shareholders while adhering to the law and observing high ethical standards.
- 2.1.3 The Board is the ultimate decision-making body of the Company except in respect of matters reserved for Shareholders as provided for in the Articles of Association and Companies Act, 2015.
- 2.1.4 Shareholders jointly and severally have the obligation to protect, preserve and exercise supreme authority to:
 - 2.1.4.1 Appoint competent and reliable people as Directors of the Company.
 - 2.1.4.2 Ensure that the Board is constantly held accountable for the efficiency and effective governance of the Company.

2.2 Roles and Functions of the Board

The Board shall exercise leadership, enterprise, integrity, and good judgment in directing the Company so as to achieve continuing prosperity for the Shareholders and shall always act in the best interest of the Company. In achieving this purpose, the Board will be responsible for;-

2.2.1 Good Corporate Governance

Overseeing the corporate governance framework and conducting all its business in line with good corporate governance principles. In Particular;

- 2.2.1.1 Putting in place systems and policies to inculcate an ethical business culture and report performance of ethics;
- 2.2.1.2 Developing an effective formal procedure for nomination, and appointment of Board members that provide a mix of directors that is diverse and who are able to add value and bring independent judgement to bear on decision making process;
- 2.2.1.3 Ensuring timely and accurate disclosure of information to shareholders and other stakeholders.

2.2.2 Strategic planning

- 2.2.2.1 Providing oversight and determining the Company's mission and vision;

- 2.2.2.2 Establishing clear roles and responsibilities in discharging its fiduciary and leadership functions and ensuring a healthy balance of power and authority between the Board and management;
- 2.2.2.3 Developing and monitoring the Company's strategic plan, goals, objectives, and key performance indicators;
- 2.2.2.4 Ensuring that the Company is financially viable, and its assets are properly managed;
- 2.2.2.5 Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans;
- 2.2.2.6 Ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the Company will adhere to.

2.2.3 Accountability, risk management and internal control

- 2.2.3.1 Ensuring that the Company has adequate and effective systems and processes of accountability, risk management and internal controls to protect the Company's assets and reputation;
- 2.2.3.2 Regularly reviewing the Company's processes and procedures to ensure the integrity and effectiveness of the Company's internal control systems, risk management and discharge of the Board's mandate;
- 2.2.3.3 Evaluating and monitoring the Company's risk appetite and exposures and ensuring remedial measures are carried out in a timely manner;
- 2.2.3.4 Establishing systems to effectively and regularly monitor and ensure compliance with all applicable laws, regulations, governance codes, and guidelines across the Company.

2.2.4 Preparation of Accounts

- 2.2.4.1 Maintaining adequate systems of financial management and internal control over the Company;
- 2.2.4.2 Ensuring the integrity and adequacy of the accounting and financial systems.
- 2.2.4.3 Ensuring that qualified, competent, and fit persons are employed to undertake accounting and financial responsibilities and that the head of the finance and accounting function is a qualified chartered accountant and a member of the Institute of Certified Accountants of Kenya.
- 2.2.4.4 Ensuring that the Company complies with international accounting standards;

2.2.5 Human Resources and Operations

- 2.2.5.1 Developing and ensuring the proper implementation of Human resources policies and procedures including the remuneration of the Managing Director, Senior management and other employees of the Company as may be applicable;
- 2.2.5.2 Recruiting and appointing the Managing Director;
- 2.2.5.3 Developing key performance indicators, setting targets for, and evaluating the performance of the Managing Director;
- 2.2.5.4 Recruiting, appointing, redeploying, or reassigning and removing of Senior Management;
- 2.2.5.5 Establishing and implementing succession planning for the Board and Senior management so as to maintain the appropriate board composition and smooth transitions;
- 2.2.5.6 Monitoring on a regular basis the effectiveness and adequacy of the technology and systems used by the Company in running the business and remaining competitive.

2.3 Matters Reserved for the Board

- 2.3.1 The Board reserves specific powers to itself as detailed in *Annex 1* and delegates other matters to the Management of the Company.
- 2.3.2 The Board delegates its day-to-day powers and duties to the Managing Director who will further delegate them in accordance with the Company's corporate structure and as required by law and regulations.

2.4 Delegation of Authority

- 2.4.1 Effective governance of the Company requires Management to be involved in all significant decisions, and to be accountable to the Board. All delegated authority shall emanate from the Board.
- 2.4.2 The Managing Director shall raise with the Board any matter of significance affecting the Company which requires the Board's attention, including any matters which exceed the authority delegated to Senior Management.
- 2.4.3 The Board will oversee the development of a Consolidated Delegation of Authority matrix for the different levels of staff.
- 2.4.4 The Board will encourage management to ask for advice and make use of Board members knowledge, connections, and experience when it is appropriate.

2.5 Board Structure

2.5.1 Composition of the Board

- 2.5.1.1 The Company shall be comprised of Executive and Non-Executive Directors with a minimum of at least one-third

Independent Non-Executive Directors whose status shall be assessed annually.

2.5.1.2 The Chairman of the Board shall be an Independent Non-Executive director and shall be appointed by the Board.

2.5.1.3 The Board shall appoint a Company Secretary to serve the Board.

2.5.1.4 The composition of the Board shall take into consideration the size and nature of the Company's business and will be a fair reflection of the Company's shareholding structure.

2.5.2 Size of the Board

2.5.2.1 The Board shall consist of at least 7 and a maximum of 10 directors appointed by the Shareholders or such other number as may be approved by the Shareholders in a general meeting.

2.5.2.2 The Board shall have a diverse mix of skills and expertise critical for effective oversight over the management of the Company.

2.5.2.3 Each member shall have the requisite skill and access to the necessary tools required for their effective performance.

2.6 Term Limits for Board Members

2.6.1 The term limit for Board members will be the term provided for the Articles of Association and the applicable laws and regulations.

2.6.2 An Independent Non-Executive Director shall not serve for a term exceeding nine (9) consecutive or cumulative years in that capacity. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to re-designation as a non-independent member.

2.6.3 The term of office of the Board members shall be organized in a manner that ensures smooth transition. The Board will put in place a succession plan for those directors who are retiring and/or being replaced and shall ensure that the same is reviewed regularly. This will also ensure retention of institutional memory and make it easier and smoother to induct new Board members.

2.7 Age Limit for Board Members

2.7.1 The age limit for the Board members shall be seventy (70) years.

2.7.2 However, Shareholders at an Annual General Meeting may vote to retain a Board member who is over the age of seventy (70) years.

CHAPTER THREE

DIRECTORS

3. Board Membership Criteria

3.1 The Corporate Governance Committee, together with the Board, will determine the appropriate characteristics, skills and experience mix for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience.

3.2 A person will be considered for nomination and appointment to the Board if they satisfy the criteria for appointment set out in the Appointment of Directors Policy in addition to demonstrating and or possessing the following competencies and attributes: -

- 3.2.1 Broad-based business or professional skills and experience;
- 3.2.2 Integrity in personal and business dealings;
- 3.2.3 Ability to maintain confidentiality and not to use confidential information for their benefit;
- 3.2.4 Commitment to the highest ethical standards and values of the Company;
- 3.2.5 Transformational, strategic, and sound business judgement;
- 3.2.6 Ability and willingness to commit sufficient time to the Board;
- 3.2.7 Global business and social perspective;
- 3.2.8 Relevant academic and professional qualifications;
- 3.2.9 Ability to consider and balance the legitimate interests and concerns of shareholders and other stakeholders in reaching decisions effectively, consistently, and appropriately.

3.3 The members of the Board shall be expected to:

- 3.3.1 Have, or acquire a good knowledge of corporate governance, with an understanding and commitment to the fiduciary duties of Board members, particularly to represent and act in the best interests and needs of the Company and not that of an individual particular interest group;
- 3.3.2 Acquire a knowledge and understanding of the Company's business, laws and regulations that govern the activities and business of the Company;
- 3.3.3 Keep abreast of changes and trends in the Company's business and the economic, political, social, and legal climate in general;
- 3.3.4 Adhere to the principle of confidentiality and, subject to the right of any member to have a dissenting vote recorded, present a uniform position externally. This should include respect for differing opinions and expertise;

- 3.3.5 Maintain independence with the highest levels of integrity coupled with an ability to make decisions and the courage to stand up for ones' convictions;
 - 3.3.6 Exercise stewardship at all times and uphold the highest standard of ethics;
 - 3.3.7 Participate in meetings with a sharing of opinions and a respect for common sense;
 - 3.3.8 Be willing to leverage expertise and professional skills to contribute to the overall business and oversight of the Company.
- 3.4 In determining whether to recommend a director for re-election, the Corporate Governance Committee will also consider the Director's past attendance at meetings, participation in and contributions to the activities of the Board together with the results of the most recent Board performance evaluation.
- 3.5 The Service contract for the Managing Director shall not exceed three years but may be renewed by the Board.

3.6 Appointment of Directors

- 3.6.1 All Directors shall be appointed in accordance with the Articles of Association, this Board Charter, and the Appointment of Directors Policy with the aim of ensuring diversity, inclusiveness, and the proportionate representation of the shareholders.
- 3.6.2 The Corporate Governance Committee (the Committee) will be responsible for proposing and assessing the criteria of new nominees for appointment to the Board. The Committee shall be appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them. To enhance the capabilities of the Committee, the Board may co-opt independent and external professionals to the Committee with a limited time period and specific terms of reference.
- 3.6.3 The Committee shall review the skills, competencies, diversity, tenure, and experience required of Board nominees in the context of the current make-up of the Board together with the qualifications of individual candidates. Based on the findings of the Committee, the Board will notify the Shareholders of the requirements, number of directors to be elected, and the representation of the Shareholders on the Board.
- 3.6.4 The Board shall approve the process of identification of suitable candidates prior to issuing notice to the Shareholders to identify and nominate their candidates.
- 3.6.5 The Board, through the Committee, will ascertain that the proposed nominees are proper and fit for Board membership.

3.7 Persons falling under the following categories do not qualify for Board membership:-

3.7.1 A body corporate or juristic person.

3.7.2 An emancipated minor or under a similar legal disability or curatorship.

3.7.3 A person removed from an office of trust on grounds of misconduct.

3.7.4 A person convicted of fraud, theft, forgery, perjury or other offence involving dishonesty.

3.8 A person shall not be discriminated against on the basis of race, religion, national origin, sex, age, disability or any other basis prescribed by law.

3.9 The Directors have the power to appoint additional directors to fill casual vacancies on the recommendation of the Committee.

3.10 Any Directors appointed by the Board to fill casual vacancies will be required to offer themselves for election by the Shareholders at the general meeting following their appointment.

3.11 **Independence**

An Independent director is defined as a non-executive director who:

3.11.1 Has not been employed by the company in an executive capacity within the last three years;

3.11.2 Is not associated with an adviser or consultant to the company or a member of the company's senior management or a significant customer or supplier of the company or with a not-for-profit entity that receives significant contributions from the company; or within the last three years, has not had any business relationship with the company (other than service as a director) for which the company has been required to make disclosure;

3.11.3 Has no personal service contract with the company, or a member of the company's senior management;

3.11.4 Is not employed by a public listed company at which an executive officer of the company serves as a director;

3.11.5 Is not a member of the immediate family of any person described above, or has not had any of the relationships described above with any affiliate of the company;

3.11.6 Is not a representative of a shareholder who has the ability to control or significantly influence management;

3.11.7 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;

3.11.8 Does not have a direct or indirect interest in the company (including any parent or subsidiary in a consolidated group with the company) which is either material to the director or to the company. A holding of five percent or more is considered material;

- 3.11.9 Does not hold cross-directorships or significant links with other directors through involvement in other companies or bodies; and
- 3.11.10 Has not served for more than nine years since they were first elected.

3.12 Multiple Directorships

- 3.12.1 To ensure effective participation in the Board, Directors may, not hold the same position in more than three (3) public listed companies and in more than two (2) State Corporations at any one time. A Director may, however, hold more than the three (3) or two (2) positions respectively with the approval of CMA.
- 3.12.2 The Executive Director shall be restricted to one (1) other directorship of another listed company.
- 3.12.3 All Directors must disclose outside directorships and inform the Company Secretary of any changes to such directorships as soon as the changes take place.
- 3.12.4 In order to allow the Chairman to devote sufficient time to steering the Board, the Chairman shall not hold such position in more than two (2) public listed companies at any one time, in addition, the Chairman of the Company shall not hold such position in any other state corporation concurrently.

3.13 Resignation or Removal of a Director

- 3.13.1 In addition to the requirements of the Articles of Association, the office of a Director shall be vacated if the Director:
- 3.13.2 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;
- 3.13.3 Becomes bankrupt or makes an arrangement or composition with his creditors generally;
- 3.13.4 Is convicted of an offence involving dishonesty or fraud;
- 3.13.5 Becomes prohibited or disqualified from being a director by reason of any order made under the Companies Act 2015 or any other regulatory guidelines;
- 3.13.6 Becomes of unsound mind;
- 3.13.7 Resigns from office by notice in writing to the company;
- 3.13.8 Has, without leave, been absent, otherwise than on the business of the Company, from meetings of the Board for six consecutive months, and the Board resolve that his office be vacated.
- 3.13.9 Breaches the Company's Code of Ethics;
- 3.13.10 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 other criteria as shall be determined by the Board for the prudent management and reputational protection of the Company as defined in this Board Charter and the Company's constitutive documents;

3.13.11 Is, if appointed under Article 8 (C) ii of the Articles of Association, removed at the discretion of the holder of Class B shares.

3.14 **Notices and disclosures**

The Board will ensure that CMA and the Registrar of Companies are notified immediately upon a Director's resignation or removal and make disclosures, including the details of the circumstances necessitating the resignation or removal. In addition, the resignation of the Board member shall be disclosed in:

- a) two (2) newspapers with national reach;
- b) the Company's website; and
- c) the annual report of the Company at the end of the financial year.

3.15 **Succession Planning**

3.15.1 There shall be a formal succession plan for Board Members and the tenures of the Board members shall be staggered out to ensure a phased transition.

3.15.2 The Board shall regularly review the succession plan for the Chairman, is responsible for monitoring the succession plan for the Managing Director and Senior management.

3.15.3 The Board and the Corporate Governance Committee will identify and regularly update the Board on the qualities and characteristics necessary for an effective Managing Director. With these principles in mind, the Board will periodically monitor and review the development and progression of potential internal candidates against these standards in order to ensure a pool of ready successors to the Managing Director.

CHAPTER FOUR
DUTIES OF DIRECTORS
AND
ROLES AND RESPONSIBILITIES OF THE CHAIRMAN

4.1 Duties of Directors

- 4.1.1 Directors' duties and liabilities emanate from common law, the Companies Act, the Company's Articles of Association, other statutes, regulations, and rules.
- 4.1.2 All Directors share their legal responsibilities equally, whether they are executive or non-executive directors.
- 4.1.3 Each Board member shall have the fiduciary duty to:-
- 4.1.3.1 Act within the powers provided for in the Articles of Association and only exercise powers for the purposes for which they are conferred;
 - 4.1.3.2 Promote the success of the Company for the benefit of its members as a whole, and in so doing the director shall have regard to the provisions of section 143 of the Companies Act, 2015;
 - 4.1.3.3 Exercise independent judgement ;
 - 4.1.3.4 Exercise reasonable care, skill, and diligence;
 - 4.1.3.5 Avoid conflict of interests;
 - 4.1.3.6 Not to accept benefits from any third parties.
- 4.1.4 A Director shall make sure that any information which is not in the public domain, and which would have a significant effect on the Company's share price if publicly available is not provided to anyone who may be influenced to trade with the Company's share or advise others to.
- 4.1.5 A Director shall not buy or sell shares while in possession of confidential information as a Director of the Company, which if disclosed would be likely to materially affect the price of the Company's shares.
- 4.1.6 Loans by the Company to a Director are prohibited nor is the Company allowed to provide a guarantee or other security for any loans to a director.
- 4.1.7 A Director shall hold it in confidence and shall not disclose confidential information received in the course of the exercise of their duties as a Director unless that disclosure has been authorized by the Board or is required by law. Trade secrets, matters of intellectual property, rights of

the Company, processes and statistics affecting financial results, in particular, must not be disclosed.

4.2 Roles and Responsibilities of the Chairman

The Chairman of the Board shall be appointed by the Board. The roles and responsibilities of the Chairman shall be to:-

- 4.2.1 Provide overall leadership and direction to the Board and ensure its effectiveness in all aspects of its role. The Chairman shall set the Board agenda with the assistance of the Managing Director and Company Secretary;
- 4.2.2 Ensure that the Board is primarily focused on providing governance, oversight, guidance, control, leadership, and strategic direction to the Company;
- 4.2.3 Facilitate the effective contribution of non-executive directors and encourage constructive relations between the Executive and Non-executive directors;
- 4.2.4 Monitor attendance at Board meetings;
- 4.2.5 Ensure that the Committees of the Board are properly formulated and functioning effectively with appropriate Terms of Reference;
- 4.2.6 Ensure that there is a robust process for Board succession and that a current pool of candidates has been identified;
- 4.2.7 Ensure, together with the Managing Director, that the strategy of the Company is developed and approved by the Board and that the Board is fully apprised and has the opportunity to debate the strategic direction of the Company;
- 4.2.8 Put in place and maintain an effective delegation of authority structure to provide effective management and control over the Company's business with the assistance of the Managing Director;
- 4.2.9 Ensure effective communication between the Company and its stakeholders.
These may include , shareholders, the government, rating agencies, financial institutions, the media, the public and any relevant special interest groups who have a legitimate concern or involvement with the business of the Company;
- 4.2.10 Ensure that the views of the shareholders are communicated to the Board as a whole;
- 4.2.11 Chair the Annual General Meeting and all other shareholder meetings of the Company;
- 4.2.12 Efficiently conduct Board meetings and guide the Board decision making process.
- 4.2.13 Together with the Managing Director and Company Secretary, ensure that the Company operates to the highest standards of corporate governance;
- 4.2.14 Enhance corporate training and development for the Board members on an annual basis;

- 4.2.15 Ensure that new Directors are properly inducted and that the Board undertakes continuous development based on regular evaluations; emerging corporate governance and industry related matters;
- 4.2.16 Promote diversity and inclusiveness in the composition of the Board and Senior management.
- 4.2.17 The Chairman shall not be involved in the day-to-day running of the Company so as to provide effective oversight.
- 4.2.18 The Chairman shall maintain close but independent working relationship with the Managing Director.

4.3 Liability of Board Members

A Board member shall not be liable for any act done in good faith in performing their duties and responsibilities. However, there is no limitation of liability for negligence or breach of the Member's duty of care to the Company or its stakeholders, or for facts or omissions not in good faith, or which involve intentional misconduct or violation of the law.

4.4 Liability to the company shall exist where Board members have: -

- 4.4.1 Acted outside their powers and or breached trust resulting in loss to the Company;
- 4.4.2 Acted with willful negligence and misconduct.

CHAPTER FIVE

ROLES AND RESPONSIBILITIES OF THE MANAGING DIRECTOR

- 5.1 The Managing Director is the Chief Executive Officer of the Company and shall be a Board member with no voting rights.
- 5.2 The Managing Director is appointed by and accountable to the Board of Directors. The Board shall recruit the Managing Director through a competitive process and shall also be responsible for his or her removal.
- 5.3 The Managing Director has a critical and strategic role to play in the operational success of the Company. Without limiting the obligations of the Managing Director as determined in his contract of employment, the principal functions shall include;
 - 5.3.1 The day-to-day running and management of the Company in accordance with the overall directions, strategies and policies agreed by the Board;
 - 5.3.2 Providing leadership to Senior management and staff;
 - 5.3.3 Representing and promoting the interests of the Company both nationally and internationally;
 - 5.3.4 Overseeing the preparation and submission of annual budgets, for the approval of the Board, in accordance with an agreed timetable and consistently striving to achieve the Company's financial and operating goals;
- 5.2.5 Executing and communicating the Board's strategies, decisions and policies and developing and recommending to the Board the Company's long-term strategy and annual business plans;
- 5.2.6 Providing regular, thorough, and prompt reports and communication to the Board on key technical, financial, operation and administrative matters, and ensuring a clear flow of information between management and the Board in order to facilitate both quantitative and qualitative evaluation and appraisal of the Company's performance;
- 5.2.7 Preparing proposals and submitting them for consideration by the Board and Board Committees;
- 5.2.8 Implementing proper internal financial controls and risk management systems, and ensuring efficient and effective application of the controls and systems;
- 5.2.9 Ensuring that the Company has an effective management team structure and management succession plans, and attending to matters relating to the Company's human capital including recruitment and dismissal of staff in line with internal policies and guidelines;

- 5.2.10 Ensuring continuous improvement in the quality and value of the services of the Company;
 - 5.2.11 Maintaining effective administrative structures, processes, and systems;
 - 5.2.12 Maintaining a work environment conducive for attracting, retaining, and motivating employees;
 - 5.2.13 Fostering a corporate culture that promotes ethical practices;
 - 5.2.14 Ensuring effective stakeholder management and enhancement of the corporate image of the Company.
- 5.4 The Board shall monitor and evaluate the performance of the Managing Director against agreed objectives at least once annually or more frequently at the discretion of the Board.

CHAPTER SIX

ROLE AND RESPONSIBILITIES OF THE COMPANY SECRETARY

- 6.1 The appointment and removal of the Company Secretary is a matter reserved for the Board. The Company Secretary is critically important to the proper governance of the Company, and it is the responsibility of the Board to ensure that the Company Secretary is at all times able to fulfill the function.
- 6.2 The Company Secretary shall be a member of the Institute of Certified Secretaries of Kenya (ICS) established under the Certified Public Secretaries Act, Cap 534 and in good standing.
- 6.3 The Company Secretary shall work closely with the Chairman and the Managing Director to ensure the proper and effective functioning of the Board and the integrity of the Board governance process.
- 6.4 The Company Secretary is charged with the following responsibilities:
 - 6.4.1 Provision of guidance to the Board on its duties and responsibilities and keeping the Board abreast of and informed on, current governance practices;
 - 6.4.2 Ensuring that the Board complies with its obligations under the law and the Company Articles of Association;
 - 6.4.3 Assisting the Chairman of the Board in organizing the Boards activities;
 - 6.4.4 Assisting the Board with evaluation exercise;
 - 6.4.5 Providing secretarial services to the Board including:-
 - 6.4.5.1 ensuring that the Board and Board Committee annual work plans are prepared and adhered to;
 - 6.4.5.2 ensuring that the minutes of the Board and Board committees and Board papers are promptly prepared and circulated within required timelines;
 - 6.4.5.3 maintaining the Statutory records and safe custody of the seal and a record of its usage;
 - 6.4.5.4 preparing the Board for annual general meetings;
 - 6.4.6 Coordinating the governance audit process;
 - 6.4.7 Maintaining and updating the register of conflict of interest;
 - 6.4.8 Ensuring compliance with legislative and regulatory obligations;
 - 6.4.9 Facilitating effective communication between the organization and the shareholders;
 - 6.4.10 Carrying out any other duties as may be assigned by the Board from time to time.
- 6.5 The performance of the Company Secretary shall be evaluated annually.

CHAPTER SEVEN

BOARD COMMITTEES

7. Roles and responsibilities

The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the applicable laws. The following principles are to be considered when creating Committees:

- 7.1.1 Delegating authority to Board Committees does not in any way mitigate or dissipate the discharge by the Board of their duties and responsibilities;
- 7.1.2 There shall be transparency and full disclosure from the Board Committees to the Board, except where the Committee has been mandated otherwise by the Board;
- 7.1.3 Board Committees will observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise;
- 7.1.4 Board Committees will have a clear purpose (included in the Committee Charter or Terms of Reference) and there shall be no conflict of interest among its members;
- 7.1.5 Board Committees shall have a minimum of three members who have the necessary skills and expertise to handle the responsibilities allocated to them;
- 7.1.6 Non-Executive Directors should be appointed as the Chairpersons of each committee. Notwithstanding this, the Chairpersons of the Corporate Governance and Audit committees shall always be Independent Directors;
- 7.1.7 The Chair of each Committee may invite Senior management whose duties correspond with the Committee's area of concern to attend committee meetings;
- 7.1.8 If necessary, Committees may enroll experts with required professional skills relevant to the work of the particular Committee;
- 7.1.9 Each Non-Executive Director should participate in at least one Committee;
- 7.1.10 Each Committee shall review its Charter or Terms of Reference on an annual basis and present any modifications to the Board for approval.

7.1 Number of Committees

7.1.1 The Board has established the following committees:-

- i. Audit Committee;
- ii. Corporate Governance Committee;
- iii. Strategy & Innovation Committee;
- iv. Finance & Risk Committee.

7.2 The Board shall appoint the Chairpersons of the Committees and shall approve appropriate terms of reference for the Committees which shall be provided in individual Board committee charters.

7.3 The Board may constitute Ad hoc Committee/s with clear terms of reference and limited lifespan to deal with emerging issues that require focused

attention, and which do not fall in the domain of the regular Board Committees.

7.4 Reporting obligations of Board Committees

- 7.4.1 Each Committee shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The report shall include findings, matters identified for specific recommendations to the Board, action points and any other issues as deemed appropriate.
- 7.4.2 The Committees shall liaise with each other in so far as it is expedient to effectively perform their different roles.
- 7.4.3 The Board remains collectively responsible for the decisions of any Committee and shall review the effectiveness and performance of the committees annually.
- 7.4.4 The proceedings of the Committees shall be governed by the same procedures governing Board meetings as far as they are capable of applying.

7.5 Board Committee Meetings

- 7.5.1 The Committee Chair, in consultation with Committee members, will determine the frequency of the meetings of each Committee as well as the Committee agenda provided that the Committee meets at least once in every quarter.
- 7.5.2 Each Committee will develop an annual Workplan at the beginning of each year and the Workplan will be set out in the approved Board Workplan.

CHAPTER EIGHT

BOARD PROCESSES

8. Fundamental concept

In the conduct of Board business, two fundamental concepts shall be observed:

- 8.1.1 All Directors should receive information at the same time.
- 8.1.2 Each Director should be given sufficient time in which to consider any such information.

8.2 Board Strategy

- 8.2.1 The Board will examine, at least once in every three years, the Company's corporate strategy, vision, and values. It will develop a Board strategic plan to attain the Board's vision and the corporate strategy, including formal strategies to promote sustainability with attention being given to environmental, social and governance aspects of the business.
- 8.2.2 The Board will set aside adequate time, annually, to discuss strategy and policy matters.

8.3 Board Work Plan

- 8.3.1 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, and the AGM, special projects, and principal areas of focus.
- 8.3.2 Each financial year's work plan shall be presented to and approved by the Board before commencement of the relevant year or failing that, within the first two months of the relevant year.

8.4 Board Meetings

8.4.1 Regular and Special Meetings

A schedule of meetings will be provided to the Directors in the annual Board Work Plan. Regular Board meetings will be held at least four times a year and special meetings may be held as necessary subject to the requisite approvals being obtained.

8.5 Agenda for Board and Committee meetings

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.

8.6 Place of Meetings

Board meetings shall take place at the Company's central offices unless otherwise decided by the Board and relevant Government approvals obtained as may be appropriate.

8.7 Notice of Meetings

The Company Secretary shall be responsible for issuing proper notices for Board meetings and will also arrange for the circulation of relevant papers. Documents for meetings will be sent at least seven days in advance. Directors should review the meeting agenda and prepare for the meeting by reviewing the documentary materials in advance of the meetings.

8.8 Board Papers

The Managing Director and Chairman of the Board shall ensure that the papers submitted to the Board are comprehensive, accurate and relevant to enable the Board to make informed decisions. The Board shall among others, consider:

- 8.8.1 An operational report from the Managing Director;
- 8.8.2 A report from the Head of Finance division;
- 8.8.3 Specific proposals for capital expenditure and acquisitions;
- 8.8.4 Specific recommendations for credit or provisioning / write-offs above management authorized limit;
- 8.8.5 Reports from various Board Committees;
- 8.8.6 Major issues and strategic opportunities for the Company;
- 8.8.7 Stakeholders impact report. The report will identify the stakeholders and how they will be impacted by the proposed action/activity/decision; and
- 8.8.8 A report on the matters arising from the previous minutes.

8.9 Meeting Attendance

- 8.9.1 Every Director has a duty to attend Board meetings regularly and to effectively participate in the conduct of the business of the Board.
- 8.9.2 Every Board member should attend at least 75% of the Board meetings of the Company in any financial year.
- 8.9.3 A Board member who is unable to attend a meeting will inform the Chairman of their absence and notify the Company Secretary for the purpose of recording the apology.

8.10 Conduct of Meetings

- 8.10.1 Meetings of the Board shall be presided over by the Chairman of the Board, or, in his or her absence, by a Non-Executive Director chosen by a majority of the directors present at the meeting.

- 8.10.2 The Company Secretary shall act as secretary of all the Board meetings, provided that, in his or her absence, the Chairman or person presiding shall appoint another person to act as secretary of the meeting.
- 8.10.3 The Chairman, having ascertained that the meeting is properly constituted, shall also ensure that the minutes of the previous meeting are confirmed during the meeting and matters arising from the minutes accordingly addressed.
- 8.10.4 A special meeting of the Board or Board Committee will not discuss any matter other than that specified in the agenda.
- 8.10.5 The Chairman will to the extent possible seek consensus of the Board members, failing which, the Chairman will call for a vote, in which event the Chairman will have the casting vote.

8.11 Quorum for meetings

- 8.11.1 The quorum necessary for the transaction of the business of the Board shall be two thirds of the Directors presently holding office. If the number of Directors falls below the minimum number fixed by the Articles of Association, Directors may meet only for the purpose of filling up vacancies on the Board or summoning a general meeting of the Company.
- 8.11.2 The quorum for Committee meetings will be as stated in the charters for the respective committees.

8.12 Board Discussions

- 8.12.1 In general terms, members of the Board should accept responsibility for the decisions of the Board. A Director may, however, express disagreement in respect to any decision made by the Board.
- 8.12.2 When a director concludes that he or she is unable to acquiesce in a decision of the Board, some or all of the following steps may be considered:
- 8.12.1.1 Making their dissent and its possible consequences clear to the Board as a means of seeking to influence the decision.
 - 8.12.1.2 Asking for additional professional advice at the expense of the Company.
 - 8.12.1.3 Asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion.
 - 8.12.1.4 Tabling a statement of dissent or writing to the Chairman asking that the statement or contents of the letter be minuted.
 - 8.12.1.5 Calling for a special Board meeting to consider the matter.
 - 8.12.1.6 Resigning and advising the appropriate regulator and/or shareholders.

8.13 Majority Action as Board Action

- 8.13.1 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, 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.

- 8.13.2 Each director commits to express their views clearly and openly.
- 8.13.3 Where a director holds the view that a proposed Board decision is not in the best interest of the Company, they must use all means at their disposal to convince the Board of the validity of their position.
- 8.13.4 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.

8.14 Attendance of meeting by Management

- 8.14.1 The Board encourages Management, from time to time, to bring managers into Board meetings to provide additional insight into the items being discussed because of their involvement in areas under discussion, as part of succession planning and to give managers with future potential exposure to Board affairs.
- 8.14.2 Should the Managing Director wish to invite additional people as attendees on a regular basis, Board and/or committee concurrence will need to be obtained on the same.

8.15 Minutes of board meetings

The Company Secretary should circulate the minutes of the Board meeting within ten working days of the date of the Board meeting to all Directors.

8.16 Board Resolutions

- 8.16.1 Resolutions of the Board will be made at Board meetings or approved in writing by circulation, provided that in respect to the latter the proposed resolution must be submitted to all Board members with none of them objecting to this form of adoption.
- 8.16.2 Approval of two thirds of the Board members shall be required for resolutions adopted at a Board meeting.
- 8.16.3 Approval of resolutions by circulation shall be effected in writing by all Board members. Objection to this method of adoption or to the proposed resolution should also be in writing.

8.17 Board Interactions with Management

- 8.17.1 Non-executive Directors may have access to and meet with Management in the absence of the Executive Director. This should, however, be agreed collectively by the Board and facilitated by the Chairman.
- 8.17.2 Board members are required to use best judgment so as to ensure that engagements with Management do not distract from the

Company's business operation and that the Managing Director/Executive Director is kept informed of such contact.

8.18 Access to Information and Independent Advice

- 8.18.1 The Board may from time to time require the advice of an independent expert which may include legal, financial, governance or other expertise. To facilitate this, the Board shall ensure members obtain external advice, as may be required, at the Company's expense and shall invite Senior management to provide technical advice as needed.
- 8.18.2 The Board shall establish procedures to enable its members have access to relevant, accurate and complete information and professional advice in order to discharge its duties effectively.

CHAPTER NINE

CONFLICT OF INTEREST AND CODE OF CONDUCT

9.1 Conflict of Interest

- 9.1.1 All directors are required to:
 - 9.1.1.1 Declare any interests that may give rise to potential or perceived conflict e.g., multiple directorships, business relationships or other circumstances that could interfere with exercise of objective judgment;
 - 9.1.1.2 Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting.
- 9.1.2 The conflicted director shall recuse himself and not participate further in the discussion of that subject, nor vote on it. This is subject at all times to the provisions of the relevant laws and regulations, Articles of Association, or other constitutive documents of the Company.
- 9.1.3 The Board shall evaluate all potential or perceived conflicts of interest as declared and shall approve such transactions with the Company as may be appropriate.
- 9.1.4 A register of declared Conflicts of Interest shall be maintained by the Company Secretary.

9.2 Code of Conduct

- 9.2.1 The Board shall adopt a Code of Conduct for all Directors and employees that addresses, among other things, conflict of interest and which shall be reviewed and updated regularly. A summary of this Code shall be made available on the Company's website.
- 9.2.2 The Company shall adopt effective whistle blowing mechanisms that encourages employees and other stakeholders to bring out information helpful in enforcing good corporate governance practices.

CHAPTER TEN

COMPLIANCE WITH LAWS, REGULATIONS AND STANDARDS

The Board will ensure strict compliance with the applicable laws, regulations, and statutes.

10.1 Governance Audit

10.1.1 The Board shall subject the Company to an annual governance audit by a competent and recognized professional accredited for that purpose by the Institute of Certified Secretaries (ICS), in order to check on the level of compliance with sound governance practices.

10.1.2 The governance audit shall among other aspects cover the Company's governance practices in the following areas:-

- 10.1.2.1 leadership and strategic management;
- 10.1.2.2 transparency and disclosure;
- 10.1.2.3 compliance with laws and regulations;
- 10.1.2.4 communication with stakeholders;
- 10.1.2.5 Board independence and governance;
- 10.1.2.6 Board systems and procedures;
- 10.1.2.7 consistent shareholder and stakeholders' value enhancement;
- and
- 10.1.2.8 corporate social responsibility and investment.

10.2 Legal and Compliance Audit

10.2.1 The Board shall arrange for a legal and compliance audit to be carried out on a periodic basis.

10.2.2 The Board shall ensure the following:-

10.2.2.1 Save for when the independent legal and compliance audit is carried out, an internal legal and compliance audit shall be carried out on an annual basis, with the aim of establishing the level of adherence to applicable laws, regulations, and standards.

10.2.2.2 That a comprehensive independent legal audit is carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya.

10.2.2.3 That the findings from the audits are acted upon and any non-compliance issues arising corrected as necessary.

CHAPTER ELEVEN

BOARD INDUCTION, TRAINING AND EVALUATION

11.1 Board Induction and Training

- 11.1.1 Each new Board member shall participate in an induction program that is tailored to effectively orient the member to the Company's business, strategy, objectives, policies, procedures, operations, senior management, and the business environment. The induction shall also include all the necessary information required by a member for effective performance on the Board.
- 11.1.2 The Board Chairman through the Company Secretary shall organize the induction for newly appointed Directors. The new Board members shall be introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the business.
- 11.1.3 Board members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the Company. The Board's capacity to effectively deliver on its mandate will be strengthened through continuous training and provision of critical and emerging information pertinent to the business and the corporate governance environment.
- 11.1.4 The Board shall conduct an annual review to identify the training needs for each member and facilitate up-skilling as well as continuous development.

11.2 Board Evaluation

- 11.2.1 For improved Board effectiveness, the Board shall carry out an assessment of its performance, the performance of the Chairman, that of its committees, individual members, the Managing Director, and the Company Secretary.
- 11.2.2 The Board shall discuss the results of the evaluation exercise, which shall also inform the Board of the training needs for its members.
- 11.2.3 The Board shall disclose whether evaluation of the Board, the Chairman, the Managing Director, and Company Secretary has been undertaken in the annual report and financial statements of the Company.

CHAPTER TWELVE

RELATIONS WITH SHAREHOLDERS AND STAKEHOLDERS

12.1 Relations with Shareholders

- 12.1.1 The Board is accountable to shareholders as a whole for the stewardship of the Company;
- 12.1.2 The Board shall recognize, respect, and protect the rights of shareholders and shall ensure equitable treatment of all shareholders in the same class of issued shares whether majority, minority, institutional or foreign;
- 12.1.3 The Board shall provide shareholders with information as is required under the applicable law and shall establish mechanisms to ensure effective communication with shareholders.

12.2 Relations with Stakeholders

- 12.2.1 The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions, and actions;
- 12.2.2 The Board shall establish effective communication with the Company's stakeholders, including the media, as may be appropriate.

12.3 Corporate Social Responsibility

- 12.3.1 The Board of Directors will monitor the social responsibility of the Company and promulgate policies consistent with the Company's legitimate interests and good business practice.
- 12.3.2 In particular, the Directors shall:-
 - 12.3.2.1 Promote fair, just, and equitable employment policies;
 - 12.3.2.2 Promote and be sensitive to the preservation and protection of the natural environment;
 - 12.3.2.3 Be sensitive to and conscious of gender interests and concerns;
 - 12.3.2.4 Promote and protect the rights of vulnerable groups; and
 - 12.3.2.5 Enhance and promote the rights and participation of host communities.
- 12.3.3 The Board shall enhance sustainability reporting and will ensure the publicity of the Annual sustainability report.

13.0 REVIEW AND APPROVAL OF THE BOARD CHARTER

This Board Charter was reviewed and approved by the Board of Directors in **November 2023**

ANNEX 1

MATTERS RESERVED FOR THE BOARD

The matters listed below are reserved for the Board and unless otherwise agreed, the Board may not delegate the same to any other person:

1. Approval of the vision, mission, values and Code of Ethics of the Company;
2. Approval of the annual report and financial statements;
3. Approval of the business plans and budgets;
4. Review of the Company's performance in the light of the strategic aims, objectives, business plans and budgets;
5. Approval of policies and procedures including human resource policies and principles relating to reward, incentive schemes, conditions of service, benefits, health, and safety; accounting policies and practices, treasury policies, and corporate social investment policies
6. Approval of the internal accounting controls and significant changes to the accounting policy;
7. Approval of the risk management strategies including the definition of levels of materiality and the categories of transactions requiring Board approval, including approval of banking/authority levels; and insurance portfolios;
8. Approval of contracts or transactions or activities that do not relate to the ordinary business of the Company, including any major restructuring or changes to the Company's listing or its status as a public limited company;
9. Approval of any matter that would have a material effect on the Company's financial position, liabilities, future strategy, or reputation; such as changes in strategic direction, extension of the Company's activities into new business, or decision to cease operations of all or any material part of the Company's business;
10. Appointment and removal of the Managing Director /Chief Executive Officer;
11. Appointment and removal of the Company secretary;
12. Recruitment, appointment, and removal of Senior Management; and ratification of the recruitment and appointment of staff in job group MG 03 as defined in the Company's Organisation structure.
13. Setting the terms and conditions of service of members of the Board;
14. Setting up Board Committees and approving their composition and terms of reference;
15. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting including, the appointment of auditors and approval of their fees;
16. Approval of interim dividends and recommendations of the final dividend to shareholders for approval;
17. Approval of all circulars, prospectuses and listing particulars, excluding routine documents;

18. Approval of major changes to the rules of the Company's pension scheme and appointment of sponsor nominated trustees;
19. Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives;
20. Oversight of compliance with statutory and regulatory obligations;

ANNEX 2

LIST OF OTHER GOVERNANCE DOCUMENTS

Governance Policies

- 2.7.3 Appointment of Directors Policy
- 2.7.4 Board Diversity and Inclusion Policy
- 2.7.5 Board Independence Policy
- 2.7.6 Board Induction Policy
- 2.7.7 Board Remuneration Policy
- 2.7.8 Board Succession Planning Policy
- 2.7.9 Code of Ethics and Conduct
- 2.7.10 Conflict of Interest Policy
- 2.7.11 Corporate Disclosure Policy
- 2.7.12 Gift Policy
- 2.7.13 Related Party Transactions Policy
- 2.7.14 Stakeholder Engagement Policy
- 2.7.15 Sustainability Policy
- 2.7.16 Whistleblower Policy

Board Committee Charters

1. Audit Committee
2. Corporate Governance Committee
3. Finance & Risk Committee
4. Strategy & Innovation Committee