



BOARD CHARTER

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DEFINITIONS:

AGM	Annual General Meeting of the Company.
Board	Board of Directors.
Board Charter	Charter of corporate governance in relation to the Board contained in this document.
CBK	Central Bank of Kenya.
CMA	Capital Markets Authority.
Committee	Committee of the Board.
Company	NIC Group PLC.
Director(s)	Board Director(s) of the Company and, where applicable, the Alternate Director(s) appointed by them or, as the case may be, the Directors assembled as a Board. Each Director, whether a body corporate or a natural person, may have only one Alternate Director.
EGM	Extraordinary General Meeting of the Company.
Executive Director	A Director in full employment (salaried) of the Company.
Group Chairman	Chairman of the Company's Board of Directors.
Group / NIC Group	Either singularly or collectively: NIC Group PLC and all its direct and indirect subsidiaries.
GMD	The Group Managing Director or Chief Executive Officer with the primary responsibility for the strategic and operational management of the Group.
Head of Finance	Chief Financial Officer or equivalent officer of the Company.
Independence	Independence within the meaning of the Corporate Governance Overview section of this Charter.
Independent	Independent within the meaning of section I, sub-section 1.2 of this Charter.
PLC	Public Limited Company.
Policies & Procedures / Practices	Policies and procedures / practices applicable to the Company from time to time as adopted.
Group Company Secretary	Secretary of the Group.
Security / Securities	Equity, debt or other security / securities of any kind of the Company.
Shareholder	Holder of shares in the Company.

PREAMBLE:

The Objective of NIC Group PLC is to generate sustainable shareholder value over the long term through observing the Group's Vision "Building Prosperity Together" 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 capital invested in it over and above the cost of that capital.

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

The key values that the Group will at all times uphold are:

- Integrity: by being honest, trustworthy and having strong moral principles;
- Passion: by loving and taking pride in what we do;
- Innovation: by finding fresh new ways of doing things;
- Responsiveness: by being proactive and defining new possibilities for our customers; and
- Professionalism: by demonstrating confidence, skill and excellence.

The company's Board therefore:

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

PURPOSE:

The purpose of the Board Charter is to provide the Board of Directors of the company with guidance in the discharge of their duties to oversee the affairs of the company for the benefit of the shareholders.

CORPORATE GOVERNANCE OVERVIEW:

The Central Bank of Kenya and the Capital Markets Authority have outlined several characteristics of good corporate governance, key among which are:

1. **Discipline:** the commitment by a company's Senior Management and Board Directors to adhere to behaviour that is universally recognised and accepted to be correct and proper;
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;
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 shareowner;
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;
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 what it would take to set the company on the right path. While the Board is accountable to the company, it must act responsively to and with responsibility towards all stakeholders of the company;
6. **Fairness:** the systems that exist within the company must be balanced in taking into account all those that have an interest in the company and its future. The rights of various groups have to be acknowledged and respected; and
7. **Social responsibility:** a well-managed company will be aware of, and respond to, social issues, placing a high priority on ethical standards.

Members of the Board of NIC Group PLC are committed to fulfilling their fiduciary as well as regulatory corporate governance responsibilities as articulated in this Board Charter.

I BOARD STRUCTURE

1. Board Composition

1.1 Board Size

The Board is composed so as to allow effective decision-making and supervision of executive management in consideration of the nature and structure of the Group's business. The number of Directors is such that it allows the Board to have fruitful discussions and to make appropriate, swift and prudent decisions. The current size of the Board is dictated by the Company's Articles of Association (Articles), which permit a maximum of thirteen (13) Directors, (excluding Alternate Directors), to be appointed to the Board.

1.2 Independent Non-Executive Directors

The Board believes that as a matter of policy and to enable adequate representation and protection of the rights of minority shareholders, there should be a substantial number of Independent Non-Executive Directors on the Board and shall therefore maintain a minimum of at least one-third Independent Non-Executive Directors. The presence of independent Non-Executive Directors will reflect the investment in the Group by shareholders other than the significant shareholders and they shall be persons with sufficient strength of character and who are able to articulate in a manner that will inform prudent Board decisions.

Non-Executive Directors, including Independent Directors will make up no less than two-thirds of the Board. The Board will annually disclose to shareholders compliance with this requirement and submit a report on whether or not the Board's composition adequately satisfies the representation of the minority shareholders.

The Board shall determine who the independent members are on an annual basis.

An Independent Board member is one who:

- (a) Has not been employed by the Group in an executive capacity within the last three years;
- (b) Is not associated with an adviser or consultant to the Group or a member of the Group's senior management or a significant customer or supplier of the Group or with a not-for-profit entity that receives significant contributions from the Group; or within the last three years, has not had any business relationship with the Group (other than service as a Director) for which the Group has been required to make disclosure;
- (c) Has no personal service contract with the Group, or a member of the Group's senior management;
- (d) Is not employed by a public listed company at which an executive officer of the Group serves as a Director;
- (e) 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;
- (f) Is not a representative of a shareholder who has the ability to control or significantly influence management;
- (g) 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;
- (h) Does not have a direct or indirect interest in the Group which is either material to the Director or to the Group. A holding of five percent or more is considered material;
- (i) Does not hold Cross-Directorships or significant links with other Directors through involvement in other companies or bodies external to the Group; whereby one Director serves as an Executive Director of Company A and as a Non-Executive Director in Company B and, at the same time, another Director serves as an Executive Director of Company B and as a Non-Executive Director at Company A, hence negating the independence of the two Directors in the Boards of both companies; and
- (j) Has not served for more than nine years since they were first elected.

Each independent Director will notify the Group Chairman, as soon as practicable, of any event, situation or condition that may affect the Board's evaluation of his or her independence.

2. Selection of New Directors

The Board is responsible for identifying its members and recommending them for election by the shareholders. The Board delegates the screening process involved to the Governance and Nominations Committee which will also consider recommendations on appointments from other Directors and the shareholders.

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.

2.1 Board Membership Criteria

There is a formal and transparent procedure in the appointment of Directors to the Board.

The Governance and Nominations Committee 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 Organisation. Final approval of a candidate is determined by the full Board.

In assessing potential new Directors, the Committee considers individuals from various disciplines, diverse backgrounds and gender representation.

Potential Board candidates will be evaluated based upon various minimum criteria, including:

- (a) Academic qualifications (including Professional qualifications where applicable);
- (b) Broad-based business or professional skills and experiences that indicate whether the candidate will be able to make a significant and immediate contribution to the Board's discussion and decision-making in the array of complex issues facing the Group;
- (c) Exhibited behavior that indicates he or she is committed to the highest ethical standards and the values of the Group;
- (d) Special skills, expertise, and background that add to and complement the range of skills, expertise, and background of the existing Directors;
- (e) Whether the candidate will effectively, consistently, and appropriately take into account and balance the legitimate interests and concerns of all shareholders and other stakeholders in reaching decisions;
- (f) Willingness to engage in constructive discussion with other board members;
- (g) Fortitude to make tough decisions;
- (h) A global business and social perspective;
- (i) Personal integrity and sound judgment;
- (j) Candidates must not be persons in competitive and partisan politics; and
- (k) Candidates must have time available to devote to board activities and to enhance their knowledge of the Group's business activities as well as the local, regional and global best business practices.

To assist in the identification and evaluation of qualified Director candidates, the Board may utilise the services of external consultants as is considered appropriate.

The Governance and Nominations Committee will review the membership criteria annually and modify them as appropriate.

2.2 Invitation to a potential Director to join the Board

The invitation to join the Board is extended by the Board itself via the Group Chairman. A formal letter of appointment as either an executive or non-executive Director will be issued. At a minimum, the appointment letter will cover the following:

- (a) Appointment period;
- (b) Expected time commitment;
- (c) Roles and responsibilities;
- (d) Fees and Allowances;
- (e) Declaration of outside interests;
- (f) Confidentiality;
- (g) Induction process; and
- (h) Performance evaluation process.

3. Resignation or Removal of a Director

In line with, and in addition to article 7.13 of the Company's Articles of Association, the office of a Director shall be vacated if the Director:

- (a) 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;

- (b) Becomes bankrupt or makes an arrangement or composition with his creditors generally;
- (c) Is convicted of an offence involving dishonesty or fraud;
- (d) 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;
- (e) Becomes of unsound mind;
- (f) Resigns from office by notice in writing to the company;
- (g) 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;
- (h) Breaches the Directors' Code of Conduct and Ethics;
- (i) Fails to attend at least 75% of the Board meetings annually in the absence of exceptional circumstances and the approval of the Group Chairman;
- (j) 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
- (k) Breaches any other criteria as shall be determined by the Board.

3.1 In addition to the above, a Director may be removed if he or she has been adversely mentioned in any matter that is associated to fraud, gross misconduct, criminal act or any unethical or other conduct that may affect the reputation of the Group.

3.2 It is the responsibility of the Board of Directors to report to CBK, CMA and the Registrar of Companies the resignation or removal of any of its members within seven days.

3.3 Resignation by a serving Director shall be disclosed, together with the details of the circumstances necessitating the resignation in the resignation year, in:

- (a) The Company's Annual report;
- (b) Two newspapers with national reach; and
- (c) The Group's website.

4. Directors Change of Status

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

5. Limits on Outside Board Memberships

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

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

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

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

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

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

6. Term Limits

- 6.1 The Articles of Association of the Company set a term limit of three (3) years for each Director and requires one third of all Directors – excluding the Executive Directors - being the longest serving Directors, to retire at each AGM. Retiring Directors are eligible to be re-elected.
- 6.2 An Independent Non-Executive Director shall not serve a term of longer than nine (9) consecutive or cumulative years in that capacity but may, at the expiry of such term, assume the role of a Non-Executive Director.
- 6.3 The Board shall at all times ensure that a succession plan is in place for Directors who are due for retirement and replacement.

7. Director Age Limits

In accordance with the CMA Corporate Governance Guidelines, Board members who attain the age of seventy (70) years will retire annually at the Annual General Meeting but may be re-elected by the Shareholders to continue serving on the Board.

8. Role of the Board

The Board is explicitly responsible for the stewardship of the Group and in discharging its obligations, and assumes responsibility in the following areas:

8.1 Oversight

- (a) Retain full and effective control over the Group, and monitor management in implementing Board plans and strategies;
- (b) 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;
- (c) Identify and monitor non-financial aspects relevant to the business;
- (d) Ensure ethical behaviour and compliance with the Constitution of Kenya, relevant laws and regulations, applicable national and international standards, audit and accounting principles, internal policies and development of a Code of Conduct and Ethics;
- (e) Strive to act above and beyond the minimum requirements and benchmark performance against international best practices and not only to comply in practice, but be seen to comply;
- (f) 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 performance of its functions;
- (g) Act responsibly towards the Group's relevant stakeholders;
- (h) Be aware of, and commit to, the underlying principles of good governance;
- (i) Reviewing the strategic direction of the Group and adoption of business plans proposed by management for the achievement thereof;
- (j) Approving specific financial and non-financial objectives and policies proposed by management;
- (k) Reviewing processes for the identification and management of business risk and processes for compliance with key regulatory and legal areas;
- (l) Delegating authority for lending and provisioning and write-off limits, capital expenditure, investment, capital and funding proposals reserved for Board approval;
- (m) Reviewing succession planning for the management team and making senior executive appointments, organisational changes and high level remuneration issues; and
- (n) Providing oversight of performance against targets and objectives.

8.2 Shareholder Relations

The Board must endeavour to familiarise itself with issues of concern to shareholders and this familiarisation be disclosed at the Annual Report.

The Board will provide oversight of reporting to shareholders on the direction, governance and performance of the Group as well as other processes that need reporting and other disclosure requirements.

8.3 Statutory Responsibilities

The Board of Directors shall, in accordance with the Companies Act 2015, the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and the CBK Prudential Guidelines 2013:

- (a) Act in accordance with the Memorandum and Articles of Association of the Company;
- (b) Act in good faith to promote the success of the company for the benefit of its members as a whole;
- (c) Exercise independent judgment;
- (d) Exercise reasonable care, skill and diligence;
- (e) Avoid conflict of interest;
- (f) Avoid benefits from third parties if the benefits are attributable to the fact that the person is a Director of the company or to any act or omission by the Director;
- (g) Declare interest in a proposed or existing transaction or arrangement with the Group in writing before the Group enters into the transaction or arrangement concerned;
- (h) Convene a general meeting of the Company, if requested to do so by shareholders;
- (i) Prepare a financial statement of the Company for each financial year;
- (j) Ensure that the Group's financial statements are prepared using the same financial reporting framework;
- (k) Prepare a Director's report (including a Director's remuneration report);
- (l) Obtain shareholder approval of the Director's remuneration report;
- (m) Lodge financial statements with the Registrar of Companies;
- (n) Establish clear and separate functions for the Board and Management;
- (o) Establish a related party transaction policy;
- (p) Establish a conflict of interest policy;
- (q) Develop a code of conduct and ethics;
- (r) Establish, periodically review, and publicise this Board Charter;
- (s) Undertake annual board evaluation;
- (t) Undertake an independent legal and compliance audit once every two years by a legal professional in good standing with the Law Society of Kenya;
- (u) Save for (t) above, ensure that an internal legal and compliance audit is carried out on an annual basis with the objective of establishing the level of adherence to applicable laws, regulations and standards;
- (v) Undertake an annual corporate governance audit;
- (w) Establish a dispute resolution mechanism for internal and external disputes;
- (x) Establish and put into place a whistle blowing policy and ensure that the mechanism for whistle blowing is effective;
- (y) Rotate the Company's independent external auditors every four years;
- (z) Establish an effective risk management framework;
- (aa). Establish an internal audit function that reports directly to the Board Audit Committee; and
- (bb). Undertake continuous professional development on relevant issues including undertaking at least twelve hours of development per year on areas of governance from credible sources.

9. Role of the Group Chairman

The Group Chairman's responsibilities include the following:

- (a) Provide leadership to the Board;
- (b) Ensure that decisions are taken on a sound and well-informed basis;
- (c) Ensure the smooth functioning of the board, the governance structure and inculcate a positive culture in the board;
- (d) Establish procedures to govern the Board's work;
- (e) Organise and present the agenda for regular or special Board meetings based on input from the Directors;
- (f) Ensure proper flow of information to the Board, reviewing adequacy and timing of documentary materials in support of management's proposals;

- (g) Ensure adequate lead time for effective study and discussion of business under consideration;
- (h) Manage the Board to ensure that sufficient time is allowed for discussion of complex or contentious issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for Board discussions;
- (i) Help the Board fulfill the goals it sets by assigning specific tasks to members of the Board;
- (j) Schedule meetings of the full Board and work with Committee chairpersons to co- ordinate the schedule of meetings for committees;
- (k) Act as a liaison between the Board and management;
- (l) Ensure effective communication with shareholders and ensure that the members of the Board develop an understanding of the views of major investors;
- (m) Take the lead in providing a properly constructed induction program for new Directors that is comprehensive, formal and tailored, facilitated by the Group Company Secretary;
- (n) Take the lead in identifying and meeting the immediate and continuous professional development needs of individual Directors, with the Group Company Secretary having a key role in facilitating provision;
- (o) Ensure that the performance of individuals and of the Board as a whole and its committees is evaluated at least once a year;
- (p) Encourage active engagement by all members of the Board;
- (q) Ensure the Board's full discharge of its duties as described in section 8 above;
- (r) Together with the Group Managing Director, represent the Group to external interest groups including shareholders; and
- (s) Carry out other duties as requested by the Group Managing Director and Board as a whole, depending on need and circumstances.

10. Role of the Group Company Secretary

The Group Company Secretary's roles and responsibilities include the following:

- (a) Work with the Group Chairman and Group Managing Director in preparing the agenda for Board meetings as well as Annual and Extraordinary General Meetings (AGMs and EGMs);
- (b) 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;
- (c) Ensure the timely preparation and circulation of the board and committee minutes, and other relevant papers;
- (d) Provide a central source of guidance and advice to the Board, and within the Group, on legal, regulatory, ethics and good governance matters;
- (e) Provide the Board as a whole and Directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the company;
- (f) Facilitate induction training for new and inexperienced Directors and assist with Directors' professional development as required. This includes identifying and facilitating on-going Board education;
- (g) Under the direction of the Group Chairman, ensure good information flows 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;
- (h) Assist the Group Chairman in ensuring that regular assessments on the effectiveness of the Board and its committees, as well as the contribution of individual Directors, are carried out;
- (i) Ensure that the Group complies with corporate governance matters under regulations having the force of law and maintain statutory books in accordance with legal requirements;
- (j) Guide the Group in taking the initiative to not only disclose corporate governance matters required under the regulations having the force of law, but also those of material importance to the decision-making of institutional investors, shareholders, customers and other stakeholders;
- (k) Ensure that the Group maintains a register of declared conflicts of interest;
- (l) Coordinate the annual governance audit process;
- (m) Maintain custody of the Company's seal and account to the Board for its use and maintain a record of its use;

- (n) Facilitate effective communication between the Group and shareholders; and
- (o) Filing all statutory returns as required under the Companies Act, 2015 or any other applicable law or regulation.

11. Role of the Group Managing Director

It is the Group Managing Director's job to run the Group and ensure that it meets and achieves its strategic, business, operating and financial objectives: an "execution and management" role.

Specific roles and responsibilities include but are not limited to the following:

- (a) Foster a corporate culture that promotes ethical practices, encourages individual integrity, and fulfills social responsibility;
- (b) 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;
- (c) Develop and recommend to the Board a long-term strategy and vision for the Group that leads to the creation of shareholder value;
- (d) Develop and recommend to the Board annual business plans and budgets that support the Group's long-term strategy;
- (e) Ensure that the day-to-day business affairs of the Group are appropriately managed;
- (f) Consistently strive to achieve the Group's financial and operating goals and objectives;
- (g) Ensure continuous improvement in the quality and value of the products and services provided by the Group;
- (h) Ensure that the Group achieves and maintains a satisfactory competitive position locally, regionally and internationally;
- (i) Ensure that the Group has an effective management team below the level of the Group Managing Director, and has an active plan for its development and succession;
- (j) Ensure, together with the Board, that there is an effective succession plan in place for the Group Managing Director position;
- (k) Formulate and oversee the implementation of major corporate policies; and
- (l) Act as the Group's Brand Manager by serving as its chief spokesperson.

II KEY BOARD FUNCTIONS

1. Board Committees

- 1.1 The committees of the Board consist of a balanced mix of Non-Executive and Executive Directors. Management and outside service providers and experts may attend by invitation as circumstances dictate. From time to time, the Board may want 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 and CMA Regulations requirements.

The following principles will be considered when creating Committees:

- (a) Delegating authority to Board Committees or management does not in any way mitigate or dissipate the discharge by the Board of their duties and responsibilities;
- (b) 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;
- (c) Board Committees will observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise;
- (d) 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;
- (e) Board Committees shall have a minimum of three members;
- (f) Non-Executive Directors should be appointed as the chairpersons of each committee. Notwithstanding this, the Chairpersons of the Governance and Nominations; and Audit committees shall always be Independent Directors;
- (g) The Chairman of each Committee may invite NIC Group executives whose duties correspond to the Committee's area of concern;
- (h) If necessary, Committees may enroll experts with required professional skills relevant to the work of the particular Committee;

- (i) Each Non-Executive Director should participate in at least one Committee; and
- (j) On an annual basis, each Committee shall review its Charter or Terms of Reference and present any modifications to the Board for approval.

1.2 The Board has constituted the following committees:

- (a) Audit and Risk;
- (b) Strategy and Investments; and
- (c) Governance and Nominations.

1.3 Assignment and Rotation of Committee Members

The Group Chairman is responsible, with consideration of the desires of individual Board members, for the assignment of Board members to various Committees.

Generally, the Board at its first meeting following the AGM elects the members of each Committee.

Consideration is given to rotating Committee members periodically. However, 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.

2. Matters Reserved for the Board

The following matters shall be reserved for decision by the Board, supported by any recommendations as may be made from time to time by the Committees of the Board (as appropriate):

2.1 Financial

- (a) Approval of provisions, write-offs and write-downs involving amounts reserved for the Board's approval;
- (b) The approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- (c) The approval of annual financial statements, the approval of interim reports and the declaration of dividends;
- (d) The adoption of any significant change or departure in the accounting policies and practices of the Group; and
- (e) The recommendation to the shareholders of any increase, reduction or alteration to the share capital of the Group and the allotment, issue or other disposal of shares of the Group.

2.2 Statutory and Administrative

- (a) Recommending amendments to the Memorandum or Articles of Association of the Group;
- (b) The appointment, removal or replacement of the external auditor of the Company;
- (c) The frequency of meetings of the Board;
- (d) The convening of general meetings of shareholders of the Company;
- (e) The prosecution, defence or settlement of legal or arbitration proceedings where material and except in the ordinary course of business;
- (f) The granting of general signing authorities pursuant to the Articles of the Company;
- (g) The appointment, removal or replacement of the Group Company Secretary;
- (h) The variation of the rights attaching to shares where such powers are vested in the Board; and
- (i) The formulation and amendment of the Group's Code of Conduct and Ethics.

2.3 Regulatory

- (a) The approval of terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
- (b) The approval and authority to issue circulars to shareholders of the Company;
- (c) The approval and authority to issue prospectus, listing particulars, rights offers or takeover or merger documents;
- (d) Recommending to shareholders that they approve any ordinary or special resolutions in respect of the Group;

- (e) Recommending that the shareholders take a particular course of action proposed by the Board; and
- (f) Any decision affecting the Company's shares on any stock exchange.

2.4 Human Resources

- (a) Appointments to and removals from the Board including the appointment of the Group Chairman, Group Managing Director, Executive Directors and Non-Executive Directors and the Group Company Secretary;
- (b) The appointment 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;
- (c) Any increase of Board Members' fees and allowances as recommended by the Governance and Nominations Committee, which shall finally be retrospectively approved by shareholders in a General Meeting; and
- (d) The approval of any employee incentive scheme, the rules applicable to any such scheme and any amendment to such rules.

III BOARD PROCESSES

1. Board Strategy

The Board will at least once in every three years, examine the corporate strategy, its own vision and values and develop a board strategic plan to attain its vision and the corporate strategy, including formal strategies to promote sustainability with attention given to Environmental, Social and Governance aspects of the business.

2. Board Work Plan

The Board through the Group Company Secretary shall prepare a work plan setting out the activities planned for each financial year. The work plan will cover among others, the timings for regular Board and Committee meetings, the AGM, special projects and principal areas of focus.

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

3. Board Meetings

3.1 Regular and Special Meetings

A schedule of the 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.

3.2 Agenda for Board and Committee meetings

The Board has sole authority over its agenda and exercises this through the Group Chairman. Any member may, through the Group Chairman, request the addition of an item to the agenda. The Group Chairman in consultation with the Group Managing Director and the Group Company Secretary will set the agenda.

3.3 Place of Meetings

Board meetings shall take place at the Company's offices unless otherwise decided by the Board.

3.4 Notice of Meetings

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

3.5 Meeting Attendance

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

3.6 Conduct of Meetings

- (a) Meetings of the Board of Directors shall be presided over by the Group Chairman, or, if no such person

has been designated or, in his or her absence, the Vice Chairman or, in the absence of both these persons, by a Non-Executive Director chosen by a majority of the Directors present at the meetings. The Group Company Secretary shall act as secretary of all meetings of the Board, provided that, in his or her absence, the Group Chairman or person presiding shall appoint another person to act as secretary of the meeting.

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

3.7 Quorum for meetings

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.

3.8 Majority Action as Board Action

- (a) 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.
- (b) Each Director commits to express his/her views clearly and openly. Where a Director holds the view that a proposed Board decision is not in the best interest of the Company, he/she must use all means at his/her disposal to convince the Board of the validity of their position. If a Director considers that a board decision made is either ultra vires, unlawful or grossly negligent, he/she may cause their objection to be recorded in the minutes.

3.9 Committee Meetings

The Committee Chair, in consultation with Committee members, determines the frequency and length of the meetings of each Committee as well as the agenda.

Each Committee issues a schedule of agenda subjects to be discussed for the ensuing year at the beginning of each year (to the degree these can be foreseen). This forward agenda should be shared with the Board.

3.10 Attendance by Management

The Board encourages management to, from time to time, bring managers into Board meetings who can provide additional insight into the items being discussed because of personal involvement in these areas, or are managers with future potential that the senior management believes should be given exposure to the Board.

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

3.11 Exclusive Non-Executive Directors' Sessions

The Non-Executive Directors of the Board may meet in the absence of management, (including Executive Directors), following each regularly scheduled Board meeting.

During the course of these sessions, feedback on Board processes, including the timeliness of information being provided to the Board is discussed. The Directors will also review the Group Managing Director's and other senior management officers' performance, compensation, and succession planning. These sessions also provide an opportunity for the Group Chairman to discuss areas where the performance of management could be strengthened.

It is important that these opportunities occur regularly, even if the meetings are short, so that they become a recognised and accepted practice. The Group Chairman should quickly communicate any issues arising in these sessions that bear on the relationship between the Board and management to the Group Managing Director.

3.12 Minutes

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

4. Board Papers

At each board meeting the board shall consider:

- (a) An operational report from the Group Managing Director;
- (b) A report from the Head of Finance;
- (c) Specific proposals for capital expenditure and acquisitions;
- (d) Reports from various Board Committees; and
- (e) Major issues and strategic opportunities for the organisation.

5. Board Interactions with Management

Non-executive Directors may have access to and meet with management in the absence of Executive Directors. This should, however, be agreed upon collectively by the Board and facilitated by the Group Chairman. It is assumed that Board members will use judgment to be sure that this contact is not distracting to the business operation of the Group and that the Group Managing Director is kept informed of such contact.

6. Independent Advice

In furtherance of its duties the Board may take in independent professional advice, if necessary, at the Group's expense.

7. Board Remuneration

- 7.1 The board will approve the level of remuneration paid to Directors within any limitations imposed by shareholders.
- 7.2 The remuneration should be sufficient to attract and retain the Board Members needed to run the Company successfully, while compensating for the responsibilities undertaken as a Director.
- 7.3 Executive Director remuneration will be as specifically agreed in their contracts of employment and they will not be entitled to any Director fees and allowances outside of said contracts.
- 7.4 Executive Director remuneration contract will be available for full review by the board, where required.
- 7.5 The Board should report to the shareholders on remuneration and this should be included in the annual reports and accounts while any increase in fees and allowances paid to Non-Executive Directors shall be subject to shareholders' approval retrospectively.

8. Executive Director Succession Planning

Long term planning for Group Managing Director and senior management development and succession is one of the Board's most important functions.

The Board, through its Governance and Nominations Committee, will identify and regularly update the qualities and characteristics necessary for an effective Group Managing Director. With these principles in mind, the Board will periodically monitor and review the development and progression of potential internal candidates against these standards.

The Board is responsible for:

- (a) Monitoring succession planning for the Group Managing Director and his or her direct reports;
- (b) Reviewing the outside activities of senior executives; and
- (c) Ensuring that the Board, including non-executive Board members, has periodic exposure to senior executives who may ultimately be promoted to corporate officers, as appropriate.

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

IV BOARD EFFECTIVENESS

1. Board Evaluation

1.1 Regular assessment of the Board's effectiveness, and the contribution of individual Directors, is essential to improve governance practices. The focus of such assessments is to:

- (a) Assess the way in which the Board operates;
- (b) Check that important issues are suitably prepared for and discussed;
- (c) Measure the actual contribution of each Director to the Board's work through his or her competence and involvement in discussions; and
- (d) Evaluate the contributions of Board Committees.

Disclosure shall be made in the annual report that such evaluations are indeed carried out and an annual report shall be submitted to the regulator in accordance with the CBK Prudential Guidelines.

1.2 In line with the best practice, the following evaluations will be performed and documented on an annual basis:

- (a) Overall Board evaluation;
- (b) Group Chairman's evaluation;
- (c) Group Managing Director's evaluation;
- (d) Directors peer evaluation;
- (e) Board Committees evaluation;
- (f) Group Company Secretary evaluation; and
- (g) Any other evaluations that the Board may deem necessary from time to time.

The Board shall formally determine and agree on the format and content of the evaluations enumerated above.

2. Director Development

2.1 Director Induction

The Board (through the office of the Group Chairman and Group Company Secretary) and management shall conduct a comprehensive induction process through a review of background material, meetings with senior management and visits to the Group's facilities.

New Directors should become familiar with:

- (a) The Group's vision, strategic direction and core values;
- (b) Enterprise risk, credit risk, asset and liability management, as well as financial performance matters;
- (c) Corporate governance practices, including Directors' fiduciary duties;
- (d) Familiarisation with, and attestation to, the Group's Code of Conduct and Ethics; and
- (e) Any other key policies and practices.

2.2 Non-Executive Director Continuing Education

The Board also recognises the importance of continuing education for its Directors and shall provide at least twelve (12) hours of governance related education in order to improve both Board and Committee performance.

Additional development will also be undertaken in areas specific to the roles undertaken by the Directors in their capacities within the Board Committees or generally on common regulatory matters. The Board acknowledges that Director continuing education may be provided in a variety of different forms including:

- (a) External and internal training programs;
- (b) Presentations or briefings on particular topics;
- (c) Educational materials; and
- (d) Meetings with key management and visits to the Group's facilities.

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

2.3 Executive Director(s) Continuing Education

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

3. Director Protection

3.1 Directors and Officers Insurance

In light of the various liabilities that may accrue against a Director for undertaking their responsibilities as articulated herein the Group shall maintain Directors and Officers liability insurance as appropriate. Directors should ensure that they are fully aware of the terms of this insurance.

3.2 Limitation of liability and business judgment rule

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

A Director's duty to act with care and diligence will be taken to be satisfied where the Director:

- (a) Makes a judgment in good faith and for a proper purpose;
- (b) Has no material personal interest in the subject-matter of the judgment made;
- (c) Is informed about the subject-matter of the judgment to the extent the Director reasonably believes to be appropriate; and
- (d) Rationally believes the judgment to be in the best interest of the Group.

However, the business judgment rule:

- (a) Relates only to decisions about the ordinary business operations of the Group; and
- (b) Does not relieve a Director from other fiduciary duties (over and above those owed as a Director) such as to act in good faith, not to misuse the position of Director, not to make improper use of confidential information, and to prevent insolvent trading.

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

VERSION CONTROL

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