EQUITY HOLDINGS LIMITED

Code of Corporate Governance and Best Practices
TABLE OF CONTENTS

1. INTRODUCTION .......................................................................................................................... 3

A. GLOSSARY .................................................................................................................................. 4
B. FOREWORD FROM OUR CHAIRMAN ...................................................................................... 6
C. OUR PROFILE .......................................................................................................................... 7

2. CORPORATE GOVERNANCE PRINCIPLES ........................................................................... 9

3. SHAREHOLDERS ....................................................................................................................... 13

4. BOARD OF DIRECTORS ............................................................................................................ 18

A. GROUP SUPPORT AND ASSISTANCE ..................................................................................... 19
B. SUBSIDIARY LEVEL RESPONSIBILITIES ................................................................................ 20
C. BOARD CHARTER AND GUIDELINES .................................................................................... 21

A. CODE OF ETHICS AND CONDUCT .......................................................................................... 44
B. CONFLICT OF INTEREST POLICY ......................................................................................... 49
C. INSIDER TRADING AND MARKET ABUSE POLICY ............................................................... 53
D. CORPORATE GOVERNANCE, VIABILITY AND SUSTAINABILITY ....................................... 59
E. CORPORATE REPORTING AND ACCOUNTABILITY ............................................................... 62

6. ANNEXURES ............................................................................................................................... 65

ANNEX I: Board Charter and Guidelines ..................................................................................... 66
ANNEX II: Group Board Committees Terms of Reference ........................................................ 67
ANNEX III: Board Meetings - Management and Procedures ....................................................... 77
ANNEX IV: Board and Committee Meetings - Video & Telephone Conferencing Guidelines ....... 79
ANNEX V: Role of the Company Secretary .................................................................................... 83
ANNEX VI: Board Evaluations ....................................................................................................... 88
ANNEX VII: Board Evaluation Forms ............................................................................................ 90

Equity Group Holdings Limited .................................................................................................. 90
BOARD EVALUATION QUESTIONNAIRE FY [*] ........................................................................ 90
General Instructions ....................................................................................................................... 90
EQUITY GROUP HOLDINGS LIMITED ........................................................................................ 101

INSTRUCTIONS: ............................................................................................................................ 101

1 - Significant improvement needed ............................................................................................ 101
0 - Unsure ....................................................................................................................................... 101

INSTRUCTIONS: ............................................................................................................................ 104

ANNEX VIII: Conflict of Interest Statement ............................................................................... 113
ANNEX IX: Insider Trading ........................................................................................................... 114
1. INTRODUCTION
# A. GLOSSARY

In this Code the following capitalised terms shall have the meanings ascribed to them below.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accountants Act</strong></td>
<td>the Accountants Act (Chapter 531, Laws of Kenya) as amended from time to time</td>
</tr>
<tr>
<td><strong>Associates</strong></td>
<td>shall have the meaning prescribed to it in Chapter 5 Section B of the Corporate Governance Policies &amp; Guidelines</td>
</tr>
<tr>
<td><strong>Banking Act</strong></td>
<td>the Banking Act (Chapter 488, Laws of Kenya) as amended from time to time</td>
</tr>
<tr>
<td><strong>Board</strong></td>
<td>the Group’s board of Directors</td>
</tr>
<tr>
<td><strong>Building Societies Act</strong></td>
<td>the Building Societies Act (Chapter 489, Laws of Kenya) as amended from time to time</td>
</tr>
<tr>
<td><strong>Capital Markets Act</strong></td>
<td>the Capital Markets Act (Chapter 485A, Laws of Kenya) as amended from time to time</td>
</tr>
<tr>
<td><strong>CBK</strong></td>
<td>the Central Bank of Kenya</td>
</tr>
<tr>
<td><strong>Certified Public Secretaries of Kenya Act</strong></td>
<td>the Certified Public Secretaries of Kenya Act (Chapter 534, Laws of Kenya) as amended from time to time</td>
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<tr>
<td><strong>Chairperson</strong></td>
<td>the chairperson of the Board</td>
</tr>
<tr>
<td><strong>Chief Executive Officer</strong></td>
<td>the chief executive officer and Managing Director of the Group</td>
</tr>
<tr>
<td><strong>Code</strong></td>
<td>the Group’s Code of Corporate Governance and Best Practices,</td>
</tr>
<tr>
<td><strong>Companies Act</strong></td>
<td>the Companies Act, 2015 as amended from time to time</td>
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<tr>
<td><strong>Company Secretary</strong></td>
<td>the company secretary of the Group</td>
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<tr>
<td><strong>Conflict of Interest</strong></td>
<td>shall have the meaning prescribed to it in Chapter 5A Section 4 of the Corporate Governance Policies &amp; Guidelines</td>
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<tr>
<td><strong>Consumer Protection Act</strong></td>
<td>the Consumer Protection Act (No. 46 of 2012, Laws of Kenya) as amended from time to time</td>
</tr>
<tr>
<td><strong>Corporate Governance Guidelines</strong></td>
<td>the Code on Corporate Governance Practices for Issuers of Securities to the Public 2015 pursuant to the Capital Markets Act</td>
</tr>
<tr>
<td><strong>Directors</strong></td>
<td>the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors of the Group</td>
</tr>
<tr>
<td><strong>Executive Directors</strong></td>
<td>shall be the executive directors of the Group in accordance with the requirements of paragraph 5.3 of the Board Guidelines at Chapter 4 Section C of this Code</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>Equity Group Holdings Limited</td>
</tr>
<tr>
<td><strong>Guidance Note on the Structure and Reporting</strong></td>
<td>the Guidance Note on the Structure and Reporting Line of Risk Management Functions</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<td>------</td>
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</tr>
<tr>
<td>ICPAK</td>
<td>the Institute of Certified Public Accountants of Kenya</td>
</tr>
<tr>
<td>ICPSK</td>
<td>the Institute of Certified Public Secretaries of Kenya</td>
</tr>
<tr>
<td>IFRS</td>
<td>the International Financial Reporting Standards</td>
</tr>
<tr>
<td>Independent Non-Executive Directors</td>
<td>shall be the independent non-executive directors of the Group in accordance with the requirements of paragraph 5.4 of the Board Guidelines at Chapter 4 Section C of this Code</td>
</tr>
<tr>
<td>IT</td>
<td>information technology</td>
</tr>
<tr>
<td>Memorandum and Articles of Association</td>
<td>the memorandum and articles of association of the Group, as amended from time to time</td>
</tr>
<tr>
<td>Nomination Committee</td>
<td>means a committee of the Board with responsibility for all aspects of the Group’s appointment of directors</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td>shall be the non-executive directors of the Group in accordance with the requirements of paragraph 5.3 of the Board Guidelines at Chapter 4 Section C of this Code</td>
</tr>
<tr>
<td>NSE</td>
<td>the Nairobi Securities Exchange Limited</td>
</tr>
<tr>
<td>Proceeds of Crime and Anti-Money Laundering Act</td>
<td>the Proceeds of Crime and Anti-Money Laundering Act (Chapter 59B, Laws of Kenya) as amended from time to time</td>
</tr>
<tr>
<td>Prudential Guidelines</td>
<td>the Prudential Guidelines for institutions licensed pursuant to the Banking Act (Chapter 488, Laws of Kenya) dated January 2013 as amended, supplemented or varied from time to time</td>
</tr>
<tr>
<td>Relevant Persons</td>
<td>is a Director, Senior Management and any other employee of the Group that may as a consequence of their role participate in any activity which gives rise to any actual or potential conflict of interest</td>
</tr>
<tr>
<td>Securities</td>
<td>includes shares, debt securities, rights, options or interests, warrants, futures, securities, units in a collective investment scheme, interests, rights or property, asset backed securities, exchange-traded derivatives contracts, as defined in the Capital Markets Act (Chapter 485A, Laws of Kenya) as amended from time to time</td>
</tr>
<tr>
<td>RSE</td>
<td>Rwanda Stock Exchange Limited</td>
</tr>
<tr>
<td>Senior Management</td>
<td>such persons as the Group has identified as the senior management of the Group from time to time</td>
</tr>
<tr>
<td>Shareholder</td>
<td>the shareholders of the Group</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>the persons listed in Chapter 1, Section C (Our Profile) of this Code</td>
</tr>
<tr>
<td>USE</td>
<td>Uganda Stock Exchange</td>
</tr>
</tbody>
</table>
B. FOREWORD FROM OUR CHAIRMAN

One of the Group’s core values is effective corporate governance. This Code seeks to promote the highest standards of corporate governance and is applicable to the Board and Senior Management and has been approved and adopted by our Board.

This Code has been updated as a result of the implementation of an updated regulatory framework in Kenya in relation to corporate governance practices, including the Prudential Guidelines and the Corporate Governance Guidelines.

There are plain benefits if an effective corporate governance system has been implemented, both across an individual company and across an economy as a whole, since it provides a degree of investor confidence and assists with the proper functioning of a market economy. In turn, this lowers the cost of capital to firms, boosts capital formation and underpins economic growth. The weak governance of corporations on the other hand resonates throughout the economy with potentially negative ramifications for overall economic growth.

The most-quoted definition of corporate governance is that included in the 1992 Report of the Committee on the Financial Aspects of Corporate Governance that was undertaken in the United Kingdom, often referred to as the ‘Cadbury Report’:

“Corporate Governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders’ role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company’s strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board’s actions are subject to laws, regulations and the shareholders in a general meeting.”

The Board has the overall responsibility for adequate corporate governance across the Group and ensuring that there are governance policies and mechanisms appropriate to the structure, business and risks of the Group.

The Board recognises that the subsidiaries operate in a complex, dynamic, highly competitive and regulated environment and that it must establish a framework of rules, relationships and principles that are applicable throughout its entire organisation to enable it to succeed and deliver long-term and sustainable value with the ultimate aim of being a champion of the socio-economic prosperity of the people of Africa.

The guidelines and standards set out in this document apply to the Group and the subsidiaries and will be reviewed regularly by the Board and, where necessary, amended to ensure that the Group and its subsidiaries remain at the forefront of best practice in corporate governance.

_____________________
Dr. Peter K. Munga
Chairman
Equity Group Holdings Limited
C. OUR PROFILE

1. Our History

The Group was established as Equity Building Society in 1984 under the Building Societies Act and was originally a provider of mortgage financing for the majority of customers who fell into the low income population bracket.

In December 2004 Equity Building Society was converted into a banking institution and registered under the Banking Act. The Group is licensed under the Banking Act to offer retail banking, microfinance and related services. The Group’s mandate includes the carrying out of the business of banking in Kenya and elsewhere.

The Group has a growing list of subsidiaries which currently include Kenya, Uganda, South Sudan, Rwanda, Tanzania and the Democratic Republic of Congo and our shares are listed on the NSE, the RSE and the USE. Currently, the Group has more than eight million customers making it the largest in terms of customer base in Africa and it has nearly half of all bank accounts in Kenya.

At the end of 2014, the Group undertook a restructuring by creating a non-operating holding company. The restructuring was approved by the relevant regulators and the Shareholders. Following the restructuring, CBK issued Equity Bank (Kenya) Limited with a banking licence to continue to provide the same banking services that the Group had been providing to its customers in Kenya. The Group changed its name to Equity Group Holdings Limited and now operates as a holding company licensed by the CBK as a non-operating holding company.

The Group retains a passionate commitment to empowering its customers to transform their lives and livelihoods. Through a business model that is anchored on access, convenience and flexibility, the Group has evolved to become an all-inclusive financial services provider with a growing pan-African footprint.

2. Our Stakeholders

The Group has identified at least nine categories of Stakeholders and these are:

- depositors;
- development partners;
- employees;
- financiers;
- governments;
- regulators;
- Shareholders;
- suppliers; and
- the wider community.

3. Our Vision

To be the champion of the socio-economic prosperity of the people of Africa.

4. Our Mission

To offer inclusive, customer-focused financial services that socially and economically empower our Stakeholders.

5. Our Purpose

We exist to transform the lives and livelihoods of our people socially and economically by availing to them modern, inclusive financial services that maximise their opportunities.
6. Our Core Values

There are at least seven core values that the Group upholds in all the activities it undertakes. These are:

- Professionalism;
- Integrity;
- Creativity and Innovation;
- Teamwork;
- Unity of Purpose;
- Respect and Dignity for Customers; and
- Effective Corporate Governance.
2. CORPORATE GOVERNANCE PRINCIPLES
CORPORATE GOVERNANCE PRINCIPLES

1 Principle 1: Corporate Governance

The Board shall define appropriate corporate governance practices that shall provide proper incentives for the subsidiaries to pursue objectives that are in the best interests of the Group, its Shareholders and the other Stakeholders and protects the interest of its depositors and other creditors. The Board shall ensure that all its corporate governance procedures shall be followed and periodically reviewed for improvement.

The Board shall have the overall responsibility for adequate corporate governance across the Group and shall ensure that the governance policies and mechanisms are appropriate to the structure, business and risks of the Group.

2 Principle 2: Ethical Leadership and Integrity

The Group shall be run by an effective and ethical Board that shall exercise diligence, enterprise, integrity and judgment in directing the Group’s operations and shall act always in the best interests of the Group and its Stakeholders in a manner that is responsible, accountable, honest, fair and transparent.

3 Principle 3: Oversight Responsibility of the Board

The Board shall have the overall responsibility for the Group which shall include approving and overseeing the implementation of the Group’s strategic objectives, risk strategy, compliance with law, corporate governance and corporate values. The Board shall also be responsible for the oversight of Senior Management.

4 Principle 4: Ethos, Values and Strategy

The Board shall define the Group’s values and shall ensure that the subsidiaries promote and protect the Group’s ethos, ethics and beliefs and shall premise all of its policies, actions and behaviours on such values and ethos and shall ensure that it conducts all its relationships with regards to the Group’s values and ethos. The Board shall determine the Group’s strategy to ensure that the Group survives and thrives and that procedures are put in place in order to ensure that Group’s assets and reputation are protected.

5 Principle 5: Balance of the Board

Appointments to the Board shall be made through an organised and effective process that ensures the appointment of a diverse and balanced mix of proficient individuals. Appointments to the Board shall consider academic qualifications, technical expertise, experience, nationality, age and gender.

6 Principle 6: Independence of the Board

The Board shall ensure that no one person or group of persons shall have unfettered power and that there is an appropriate balance of power on the Board, at least three fifths of the Board shall be Non-Executive members and one third shall be Independent members so that the Board can exercise objective and independent judgment.

7 Principle 7: Supervision of the Board

The Shareholders or investors of the Group shall jointly and severally protect, preserve and actively exercise their authority during the Group’s general meetings in order to ensure that competent and reliable persons of appropriate diversity and independence are elected to the Board, that the Board is constantly held responsible and accountable for the efficient and effective governance of the Group and the subsidiaries; and that the composition of a Board that does not perform to expectations is changed.
Principle 8: Assessment of the Board
The Board shall regularly assess its performance and effectiveness as a whole and that of individual Directors including the Chief Executive Officer. A summary of the assessment’s major findings together with a statement confirming that the Board has carried out a self-assessment exercise should be presented in the annual report.

The Board shall ensure that the Group’s performance on ethics is assessed, monitored and disclosed.

Principle 9: Induction and Professional Development of the Board
The Board recognises the need for new Directors to be inducted into their roles and for all Directors to develop and strengthen their skills and training in corporate governance in light of technological developments and a changing corporate environment. The Board shall ensure a systematic induction and continuous development programme for each of its Directors so that they remain qualified and have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgement in the Group’s affairs.

Principle 10: Appointment and Development of Senior Management
The Board shall appoint the Chief Executive Officer, participate in the appointment of all Senior Management and put in place a succession plan for Senior Management. It shall ensure the motivation and protection of the Group’s intellectual capital and ensure that there is appropriate and adequate training for the Senior Management.

Principle 11: Responsibility of Senior Management
Under the direction of the Board, Senior Management shall ensure that the Group’s activities are consistent with the business strategy, risk tolerance/appetite and policies approved by the Board. Senior management shall be responsible for ensuring appropriate and adequate training for the employees.

Principle 12: Structure and Organisation
The Board shall ensure a proper management structure, governance, organisation, personnel and systems that function to maintain corporate integrity, reputation and responsibility are in place and shall also make sure that the Board and Senior Management know and understand the structure.

Principle 13: Risk-Management Framework
The Board shall ensure that the Group has adequate systems in place to identify, measure, monitor and manage the Group’s key risk areas and key performance indicators and shall adopt and follow sound policies and objectives after full deliberations.

Principle 14: Information Technology and Governance
The Board recognises that to survive and thrive it has to ensure that the technology, skills and systems used in the Group are adequate to run the Group and that the Group must constantly review and adopt the most efficient systems in order to achieve its strategic objectives and remain competitive. The Board shall be responsible for IT governance and shall ensure that procedures are put in place to facilitate the achievement of the Group’s strategic objectives.

Principle 15: Responsibility to Shareholders
The Board shall serve the legitimate interests of all Shareholders and shall be accountable to them.

Principle 16: Responsibility to Stakeholders
The Board shall develop policies determining how the Group should relate to, and with its Stakeholders, in relation to the creation of jobs, sustainability of the communities in which it operates and ensure that the rights of Stakeholders, whether established by law or custom, are respected, recognised and protected while ensuring a sustainable and financially sound Group. The Board shall take a Stakeholder inclusive approach and shall develop suitable policies to manage relations with different stakeholder groups.
17  **Principle 17: Monitoring**

The Board shall monitor and evaluate the implementation of strategies, policies and management performance criteria as well as the plans of the Group and will do so at least once every year.

18  **Principle 18: Compliance**

The Board shall ensure that the Group complies with all relevant laws, regulations, governance practices, accounting and auditing standards and that the Group adheres its rules, codes and standards.

19  **Principle 19: Transparency**

The Board shall ensure that the Group communicates effectively and transparently with all its Shareholders, depositors and other Stakeholders and market participants.

20  **Principle 20: Information to Shareholders**

Shareholders have a right to receive any information that would materially affect their shareholding, participate in any meeting of Shareholders, participate in the election of Directors and be facilitated to fully participate in all other resolutions of interest to them as Shareholders.

21  **Principle 21: Compensation System**

The Board shall actively oversee the Group’s compensation system’s design and operation, and shall monitor and periodically review the compensation system to ensure that it operates as intended.

22  **Principle 22: Social and Environmental Responsibility**

The Board shall recognise that it is in the interest of the Group to operate within the mandate entrusted to it by society and remain socially responsible. For this reason, the Group will not fulfil its social responsibility by short-changing beneficiaries or customers, exploiting its labour, polluting the environment, failing to conserve resources, neglecting the needs of the local community or engaging in other anti-social practices.

23  **Principle 23: Political Neutrality**

The Board recognises that the Group is a politically neutral institution. The Group shall abstain from political activity and keep its distance from any political influence, affiliations or pressure. In performing their duties for the Group, the Board as a whole, and individual Directors, must carry out their functions impartially and ensure that the Group remains politically neutral at all times.
3. SHAREHOLDERS
AUTHORITY AND DUTIES OF SHAREHOLDERS

1 Registration of Shareholders

Shareholders shall ensure that they receive evidence of ownership i.e. the share certificate or the Central Depository and Settlement Corporation statement. Shareholders shall ensure that they keep their share certificates, deposit receipt, or any statement or other record of payment issued by the Group in safe custody.

2 Responsibility to be sufficiently informed

Shareholders shall endeavour to keep themselves informed about the Group so as to be in a position to make independent and informed decisions on all issues when called upon.

Shareholders shall receive relevant information on the Group’s performance through the distribution of annual reports and accounts, and quarterly results as a matter of best practice. Such reports should be availed across multiple communication channels suitable to Shareholders’ different media consumption habits. These include websites, postal mail and newspapers.

Shareholders have a right to receive relevant sufficient and timely information concerning the date, location and agenda of the general meeting as well as full and timely information regarding issues to be decided during the general meeting. Such information should be received at least 21 days before the Annual General Meeting.

3 Memorandum and Articles of Association

Shareholders shall obtain copies of, study, understand and where necessary obtain independent professional advice on the instruments constituting the Group, including, but not limited to its Memorandum and Articles of Association.

Shareholders shall ensure that they understand clearly the objects for which the Group is formed, the duties and limitation of the authority of the Directors, their own rights and obligations, the obligations of the Group to other parties such as creditors and the voting procedures. Shareholders shall ensure that the Memorandum and Articles of Association do not give any one member or block of Shareholders unfettered power.

Shareholders shall endeavour to ensure that the constituting instruments, being the contract between themselves and the Directors to whom they cede power over their resources, clearly define the relationship between themselves and the Board and further, that they define the limits of the authority of the Board.

Shareholders shall endeavour to ensure that the Memorandum and Articles of Association are consistent with the principles of good corporate governance and where necessary make amendments to bring them in line with the principles of good corporate governance. Shareholders shall ensure that they understand the effect of proposed amendments to the Memorandum and Articles of Association before voting for them.

Shareholders shall ensure that they pay up all moneys due to the Group as the same fall due.

4 Relevant Law

Shareholders shall familiarise themselves as much as is practically possible with all the relevant statutes and all applicable regulations and guidelines in all areas of the Group’s operation.

5 Operating Environment

Shareholders shall endeavour to keep themselves informed about the financial, social and political environment in which the Group operates.

6 Responsible Exercise of Authority

Shareholders as owners of the Group shall jointly and severally protect, preserve and actively exercise the supreme authority of the Group in general meetings. The information pertaining to the resolutions to be taken at meetings shall be comprehensible, adequate and timely.
7 Convening of Meetings

Shareholders shall ensure that meetings are convened as required by law and as necessitated by the exigencies of the Group.

Shareholders shall where necessary requisition the convening of general meetings in accordance with the Companies Act and the Memorandum and Articles of Association. Where Directors fail to discharge their duty to convene the Annual General Meeting, Shareholders shall exercise the rights conferred by the Companies Act.

8 Notices

Shareholders shall ensure that sufficient notice and details are given of general meetings. The time of the meeting should be reasonable and the venue accessible or necessary arrangements made to ensure that Shareholders can access the venue.

9 Location of General Meetings

The Board shall make Shareholders expenses and convenience a primary criterion when selecting the venue and location of the Annual General Meeting.

10 Attendance at General Meetings

Shareholders shall endeavour to attend and participate in all the general meetings of the Group including the election of Directors either in person or by proxy.

11 Decorum at General Meetings

Shareholders shall behave in a respectable manner at general meetings. They shall give due regard and respect to the Chairperson and Directors. They shall raise their hands to make their contributions or to ask questions and shall not heckle, jostle or boo.

12 Participation at General Meetings

Shareholders shall participate effectively at general meetings by making contributions to issues under discussion and by voting. Shareholders are requested to vote wisely and in their best interests.

Shareholders shall be given the right of full participation at Annual General Meeting’s by being provided with:

a) sufficient information on voting rules or procedures;

b) sufficient information on each subject to be discussed at the Annual General Meeting;

c) opportunity to question Senior Management;

d) opportunity to place items on the agenda of the Annual General Meeting;

e) proxy models with different voting options;

f) opportunity to vote by proxy; and

g) sufficient information to enable them to consider the costs and benefits of their votes.
13 **Resolutions**

Shareholders shall endeavour to ensure that resolutions are made in accordance with the law and the Memorandum and Articles of Association of the Group. For example, that the resolutions seeking the election of Directors are taken separately and that special notice has been given for resolutions requiring special notice.

14 **Shareholder Directors**

No Shareholders with more than a 5% Shareholding in the Group shall be an Executive Director or form part of the Senior Management of the Group.

15 **Appointment of Directors**

Shareholders shall ensure that only competent and reliable persons of integrity, who can add value to the Group, are elected as Directors. In electing Directors, they shall ensure that at least three-fifths of the Board shall be Non-Executive Directors and one-third shall be Independent Directors who possess the mix of skills and competencies: sound business acumen, integrity, innovativeness, focused intelligence and commitment, are appointed to the Board. In appointing the Board, its size, diversity and demographics shall be considered in order to make it effective. Diversity applies to academic qualifications, technical expertise, relevant banking knowledge, experience, nationality, age and gender so as to ensure a balanced Board that fairly reflects the Group’s Shareholders structure, and provides a mechanism for representation of the minority Shareholders without undermining the collective responsibility of the Directors. Shareholders shall further ensure that the Memorandum and Articles of Association facilitate regular alteration of the mix and composition of the Board.

16 **Dismissal of Directors**

Shareholders shall dismiss Directors who are not transparent, accountable and responsible; who do not uphold the principles of good corporate governance and those who do not provide effective leadership to enable the Group to prosper.

17 **Accountability of Directors**

Shareholders shall ensure that the Board is constantly held accountable and responsible for the efficient and effective governance of the Group in order to achieve corporate objectives, prosperity and sustainability.

18 **Disclosure of Information by Directors**

Shareholders shall ensure that there is adequate and timely disclosure by Directors of their dealings with the Group, including but not limited to, remuneration, contracts, loans and actual and potential conflicts of interest.

19 **Appointment of Auditors**

Shareholders shall ensure that only competent and reliable auditors are appointed. Shareholders shall also ensure that where Directors recommend the appointment of an auditor other than the retiring auditor, the reasons for such recommendations are given in good faith.

20 **Annual Report and Accounts**

Shareholders shall ensure that at the Annual General Meeting, an annual report, accounts, an auditor’s report and a report of Directors are tabled by Directors in accordance with the law. Shareholders shall further ensure that the annual report shall include corporate governance reporting where the Directors report to them the extent to which they have complied with the principles of good corporate governance as well as highlights of the operation of the Group and financial performance. Shareholders shall carefully study the annual report and accounts and where necessary seek professional advice on the same.

21 **Right to seek clarification**

Every Shareholder shall be entitled to ask questions and seek clarification on the Group’s performance as reflected in the annual report and accounts or in any matter that may be relevant to the Group’s performance or promotion.
of Shareholders' interests and to receive explanation by the Directors and/or Senior Management.

22 **Right to Receive Distributed Profit**

Every Shareholder is entitled to distributed profit, in the form of dividends, and other rights for bonus shares, script dividend or rights issue, as applicable and in the proportion of its shareholding in the Group.

23 **Institutional Shareholding**

Institutional Shareholders are particularly encouraged to make direct contact with the Board or Senior Management to discuss the Group’s performance and corporate governance matters as well as exercise their vote at Annual General Meetings.

24 **Application for CBK approval**

Shareholders are expected to ensure that the Group applies to the CBK for written approval in the following circumstances:

   a) where there is a transfer of an existing shareholding in the Group which represents in excess of 5% of the Group’s share capital; or

   b) where there is an acquisition of more than 5% of the share capital of the Group, either by way of a fresh capital injection or following a subscription of shares by the Group’s existing Shareholders.

It is similarly the Group’s responsibility to ensure that the above approvals are obtained from the CBK before any allotment of shares in the Group.

25 **Protection of Minority Shareholders**

Minority Shareholders shall be protected from any adverse actions by the controlling Shareholders acting either directly or indirectly, and shall have effective means of redress.

26 **Social Responsibility**

Shareholders shall endeavour to ensure that the Group is a responsible corporate citizen and that it has due regard to the interests of all Stakeholders and the community within which they operate.

27 **Inspection of Register of Members**

Shareholders shall have the right to inspect documents relating to the Group, as provided by law. Shareholders shall have the right to inspect the register of members.

28 **Winding up**

Shareholders shall endeavour to meet their obligations in the event that the Group is wound up.
4. BOARD OF DIRECTORS
A. GROUP SUPPORT AND ASSISTANCE

1 Overview

1.1 The Group shall have overall responsibility of all its subsidiaries. The Group shall provide a continuous level of support, oversight and direction to all the Group’s subsidiaries in order for them to perform efficiently and effectively.

2 Group Responsibilities

2.1 The Group is mandated with the following responsibilities:

2.1.1 Strategy

(a) developing and overseeing portfolio-level strategy (e.g. investments, divestitures, mergers and acquisitions, partnerships and restructuring);

(b) overseeing and approving subsidiary strategic plans and budgets; and

(c) coordinating global shared services.

2.1.2 Capital and Risk

(a) raising capital for operations across the Group;

(b) allocating capital and appropriating profit;

(c) establishing Group and subsidiary risk framework, policies and procedures; and

(d) allocating credit limits.

2.1.3 Governance and People

(a) formulating the subsidiary structure and operating model;

(b) ensuring compliance with licencing and regulatory approvals;

(c) vetting, appointment and removal of the Board including the Managing Director and Senior Management;

(d) approving sponsorships and donations; and

(e) developing top-200 leaders.

2.1.4 Brand, Culture and Communications

(a) maintaining the core of the Group’s brand and culture across its subsidiaries; and

(b) managing investor relations and vetting of corporate communications.
B. SUBSIDIARY LEVEL RESPONSIBILITIES

1 Overview

1.2 The Group has overall responsibility of the Group’s subsidiaries. In turn, the Group’s subsidiaries shall take guidance and follow and act in compliance with the responsibilities and guidelines set at the Group-level.

2 Subsidiary Responsibilities

2.2 The subsidiaries shall take guidance from the Group and shall be mandated with the following responsibilities:

2.2.1 Strategy

(a) developing and executing subsidiary-level strategy building on the Group-level strategy guidelines (e.g. products, pricing); and

(b) identifying opportunities for local partnerships to improve distribution and customer service.

2.2.2 Governance and People

(a) managing relationships with subsidiary board and regulators;

(b) ensuring adherence to Group-level governance principles and practices; and

(c) developing local talent and determining remuneration under Group guidelines.

2.2.3 Operations

(a) managing operations efficiently within the country, including sales, treasury and talent management;

(b) identifying opportunities for cross-subsidiary economies and sale; and

(c) collaborating effectively with the shared service centre.

2.2.4 Capital and Risk

(a) managing all subsidiary risks, in compliance with Group guidelines; and

(b) controlling subsidiary-level capital ratios to ensure compliance with local regulatory standards and investor expectations.

2.2.5 Brand, Culture and Communications

(a) promoting and adhering to the brand and culture as set out by the Group; and

(b) ensuring the culture of high performance and adherence to core values is maintained at all times.
C. BOARD CHARTER AND GUIDELINES

1 Leadership and Integrity

1.1 The Board shall exercise leadership, enterprise, integrity and sagacious judgment in directing the Group and will always act in the best interest of the Group so as to achieve continuing prosperity. The Board is responsible for considering the legitimate interests and expectations of its Stakeholders in its deliberations, decisions and actions.

1.2 The Board is responsible for ensuring that Senior Management and the subsidiaries actively cultivates a culture of ethical conduct and ensuring that integrity permeates all aspects of the Group’s operations. The Board shall align its conduct and the conduct of Senior Management with the values that drive the Group’s business and ensure that these values are adhered to in all aspects of its business. The Board shall ensure that the Group’s ethical standards as stated in this Code are integrated into all the Group’s strategies, policies and operations.

1.3 The following four ethical values underpin good corporate governance:

a) **Responsibility**: the Board shall assume responsibility for the assets and actions of the Group and be willing to take corrective actions to keep the Group on a strategic path that is ethical and sustainable;

b) **Accountability**: the Board shall be able to justify its decisions and actions to Shareholders and other Stakeholders;

c) **Fairness**: the Board shall ensure that it gives fair consideration to the legitimate interests and expectations of all Stakeholders; and

d) **Transparency**: the Board shall disclose information in a manner that enables Stakeholders to make an informed analysis of the Group’s performance and sustainability.

1.4 As a Director of the Group, each Director owes strict fiduciary duties to the Group and not the nominating authority and must act in the best interests of the Group. Each Director should promote the image of the Group. As a Director of the Group, each Director owes the following fiduciary duties:

a) **Duty to act within its powers**: a Director is required to only exercise its powers for purposes which they were conferred;

b) **Duty to promote the success of the Group**: a Director is required to act in a way in which the Director considers, is in good faith, would promote the success of the Group for the benefit of its members as a whole, and in so doing the Director is required to have regard to:

   i. the long term consequences of any decision of the Directors;

   ii. the interests of the Stakeholders of the Group;

   iii. the need to foster the Group’s business relationships with customers and others;

   iv. the impact of the operations of the Group on the community and the environment;

   v. the desirability of the Group to maintain a reputation for high standards of business conduct; and

   vi. the need to act fairly as between the directors and the Shareholders;

c) **Duty to exercise independent judgement**: a Director must not fetter its discretion when exercising its powers;

d) **Duty to exercise reasonable care, skill and diligence**: a Director shall exercise the same care, skill and diligence that would be exercisable by a reasonably diligent person with:
i. the general knowledge, skill and experience that may be reasonably expected of a person carrying out the functions performed by the Director in relation to the Group; and

ii. the general knowledge, skill and experience that the Director has;

e) **Duty to avoid conflicts of interest**: a Director should identify and disclose the nature of a conflict and procure authorisation for the same if permitted. Conflicts of interest include situational conflicts, transactional conflicts and third party benefits;

f) **Duty not to accept benefits from third parties**: a Director is prohibited from accepting a benefit from a third party if the benefit is attributable to the fact that the person is a Director of the Group or to any act or omission of the person as a Director. Benefits received by a Director from a person by whom his or her services (as a Director or otherwise) are provided to the Group are not regarded as conferred by a third party; and

g) **Duty to declare interests in proposed or existing transactions or arrangements**: if a Director is in any way directly or indirectly interested in a proposed transaction or arrangement with the Group, or in a transaction or arrangement with the Group, or in a transaction or arrangement that the Group has already entered into, the Director shall declare the nature and extent of the interest:

i. to the other Directors; and

ii. to the Shareholders of the Group.

1.5 A Director must not put himself in a position where his interests conflict with his duty of loyalty to the Group and shall uphold the following qualities:

a) **Conscience**: a Director shall act with intellectual honesty and independence of mind in the best interests of the Group and all its Stakeholders, in accordance with the inclusive Stakeholder approach to corporate governance. Conflicts of interest shall be avoided;

b) **Inclusivity**: of the Group’s Stakeholders is essential to achieving sustainability and the legitimate interests and expectations of the Group’s Stakeholders must be taken into account in decision-making and strategy;

c) **Competence**: a Director shall have the knowledge and skills required for governing the Group effectively. This competence shall be continually developed;

d) **Commitment**: a Director shall be diligent in performing his duties and devote sufficient time to the Group’s affairs. Ensuring the Group’s performance and compliance requires unwavering dedication and appropriate effort; and

e) **Courage**: a Director shall have the courage to take the risks associated with directing and controlling a successful, sustainable Group, and also the courage to act with integrity in all Board decisions and activities.

1.6 **Policies and Procedures**

The Board shall establish formal and transparent procedures for:

a) remuneration;

b) effective communication with Stakeholders;

c) corporate disclosure policies and procedures;

d) dispute resolution for internal and external disputes; and

e) policies and procedures to attract and retain Board members.
Corporate Governance of the Group

The Board and the boards of the subsidiaries shall adhere to the same corporate governance principles; however, the Board shall have the overall responsibility for adequate corporate governance across the Group and shall ensure that there are governance policies and mechanisms appropriate to the structure, business and risks of the Group.

The Board shall take into consideration in particular material risks and issues that might affect the Group as a whole and the other entities in the Group. The Board shall exercise adequate oversight over each of the subsidiaries while respecting the independent legal and governance responsibilities that might apply to regulated subsidiary boards.

The Board shall establish a governance structure that contributes to the effective oversight of its subsidiaries, taking into account, the nature, scale and complexity of different risks to which the Group and its subsidiaries are exposed to.

The Board shall ensure that sufficient resources are available for each subsidiary to meet both the Group and local governance standards.

The Board shall ensure that structures and policies are in place to ensure compliance by the subsidiaries of the Group and any local governance requirements and shall regularly monitor such compliance by the Group’s subsidiaries.

Oversight of the Board

3.1 Overall Responsibility

The Board has overall responsibility of the Group and the subsidiaries, including approving and overseeing the Group’s and the subsidiaries strategic objectives, risk strategy, corporate governance and corporate values. The Board is also responsible for providing oversight of Senior Management.

3.2 Objectives and Policies

The Board must provide clear objectives and policies within which Senior Management should operate. These should cover all aspects of operations, including strategic planning, credit administration and control, asset and liability management (encompassing the management of liquidity risk), interest rate risk and market risk, accounting and internal control systems, service quality, automation plan, prevention of money laundering, profit planning and budget planning, including approval of the Group’s annual budget, capital adequacy and human resource development. The Group shall set and enforce clear lines of responsibility and accountability throughout the organisation which define the key responsibilities and authorities for the Board itself and for Senior Management.

The Board shall establish clear functions reserved for the Board and those functions delegated to Senior Management. The Board shall regularly review such policies, processes and controls with Senior Management and/or internal control functions (including audit, risk management and compliance) in order to determine the areas that need improvement and to address significant risks and issues.

The Board shall:

a. identify the corporate business opportunities as well as principal risks in the Group’s operating environment, including the implementation of appropriate measures to manage such risks or anticipated changes; and

b. monitor the effectiveness of the corporate governance practices under which the Group operates and propose revisions as may be required from time to time.

Each Director shall be jointly and severally responsible for the effective supervision of the affairs of the Group and shall be informed on a regular basis of the business condition of the Group. Each Director shall exercise independent judgment in evaluating the performance of Senior Management.

4 Appointment and Removal of Directors

The Board shall ensure that there is a formal and transparent procedure in the appointment of Directors to the
Board and all persons offering themselves for appointment as Directors should disclose any potential area of conflict that may undermine their position or service as Director. Through a managed and effective appointment process, appointments to the Board shall provide a mix of proficient Directors, each of whom is able to add value and bring independent judgment to bear on the decision-making process.

Shareholders are ultimately responsible for appointments to the Board. Information shall be availed to Shareholders, 21 days in advance of any decision making so that Shareholders ensure that only credible persons who can add value to the Group are elected to the Board. Board members shall receive formal letters of appointment setting out the main terms and conditions relative to their appointment.

4.1 Eligibility

No person shall take up the office of Director:

a) prior to being cleared by the CBK;

b) if such person owns more than 5% of the share capital of the Group;

c) if such person has not reached 18 years of age;

d) if such person is already a Director of 2 institutions licensed under the Banking Act; or

e) if such a person is already a Director in 3 listed companies at any one time.

The appointment of each Director shall be voted on individually unless there is unanimous agreement to a block resolution. Any appointment of a Director that is not voted on individually is void.

Where a Director has appointed an alternate Director, the appointment of such alternate shall be restricted to 2 public listed companies at any one time.

An Executive Director of the Group shall be restricted to one other directorship of another listed company.

All Directors shall be cleared as directors by the CBK where required.

To ensure objective judgment about the affairs of the Group, the following individuals shall not be eligible to be appointed as Directors:

a. professionals (e.g. lawyers, accountants and valuers) involved in the provision of professional services to the Group; or

b. senior officers and non-executive directors of a government regulatory body where there may be a Conflict of Interest.

4.2 Resignation/Removal

The Board may remove a Director by ordinary resolution. Special notice is required to call the meeting where the ordinary resolution to remove a Director or appoint a person to replace the Director so removed is tabled.

The Board shall ensure that the CBK is informed of the resignation and/or removal of any Directors or the Chairperson within 7 days of the time such person vacates that office.

4.3 Re-election Process

All Directors shall be required to submit themselves for re-election at regular intervals, in accordance with the Memorandum and Articles of Association, or at least every 3 years. The nomination for re-appointment of a Director at the Annual General Meeting of the Group shall not be an automatic process and shall only occur after the proper evaluation of the performance and attendance of the Director in question.

Any Director who has reached the age of 70 years shall be required to resign from the office of Director at the following annual general meeting. Shareholders shall be informed of such resignation at each Annual General
Meeting. If any Director wishes to continue serving in the office of Director, he/she must seek the approval of the Shareholders at a general meeting, which shall be called by special notice.

Any person ceasing to be a Director is still bound by Conflict of Interest and cannot accept benefits from a third party for things done in their role as a Director.

4.4 Alternate Board Directors

The qualification and procedure for nomination and appointment of alternate Directors shall be the same as that required in the appointment of a substantive Board member. A Director, whether a body corporate or a natural person, shall have 1 alternate Director. An alternate Director shall not be appointed as a member of the Audit Committee. A body corporate shall not be nominated as an alternate Director.

An alternate director shall not hold such position in more than 2 public listed companies at any one time. This is to ensure effective participation by such Directors.

5 Composition of the Board

5.1 General

The Board should be structured in such a way that it:

a) has proper understanding of, and competence to deal with, the current and emerging issues of the business;

b) exercises independent judgment;

c) encourages enhanced performance of the Group;

d) fairly reflects the Group’s shareholding structure; and

e) can effectively review and challenge the performance of the management.

The Board shall have a policy to ensure the achievement of diversity in its composition. Diversity applies to academic qualifications, technical expertise, relevant industry knowledge, experience, nationality, age, race and gender. The appointment shall be sensitive to gender representation and shall not be perceived to represent a single or narrow community interest.

5.2 Number

The Group shall have at least 7 Directors and a maximum of 12 Directors. For the Board’s role to be effective the Board must have an appropriate number of Directors that are commensurate with the complexity, size, scope and operations of the Group but the Board shall not be too large to undermine an interactive discussion during Board meetings.

5.3 Executive and Non-Executive Directors

An Executive Director is involved in the day-to-day operations of the Group and is a full time salaried employee of the Group or of its subsidiaries.

A Non-Executive Director is not involved in the day-to-day administration or management and not a full time salaried employee of the Group or its subsidiaries.

At least three-fifths of the Board shall be comprised of Non-Executive Directors.

5.4 Independent Non-Executive Directors

An Independent Non-Executive Director means a Director who:

a) has not been employed by the Group in an executive capacity within the last 5 years;
b) is not associated to an adviser or consultant to the Group or a member of the Group’s Senior Management or a major customer of the Group or with a non-for-profit entity that receives more than 50% of its contributions from the Group; or within the last 5 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 contracts with the Group, or a member of the Group’s Senior Management;

d) does not have a material or pecuniary relationship with the Group;

e) is not employed by a public listed company at which an executive officer of the Group serves as a director;

f) is not a member of the family of any person described above;

g) has not had any relationships described above with any affiliate of the Group;

h) does not have a direct or indirect interest in the Group which exceeds 5% of its equity interest or that of its related companies;

i) does not hold cross-directorships or significant links with other directors through involvement in other companies or bodies;

j) has not served for more than 9 years since they were first elected;

k) 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; and

l) is not a direct or indirect representative of a significant Shareholder who has the ability to control or significantly influence management or the Board. (Indirect representation includes a nominee or an associate of a Shareholder of the Group.)

Independent Directors shall provide the necessary checks and balances on the Board so as to ensure that the interests of minority Shareholders and the Stakeholders are given due consideration in the Group’s decision-making process.

At least one third of the Board shall be comprised of Independent Directors and the Board shall assess the status of Independent Directors annually.

The tenure of an Independent Board member shall not exceed a cumulative term of 9 years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to re-designation as a Non-Independent member.

5.5 Division of the Board’s Roles

5.5.1 The Board shall be comprised of a balance of Executive and Non-Executive Directors. The Chief Executive Officer shall be a member of the Board, together with its Independent Non-Executive Directors. Furthermore the Board shall establish policies to ensure that the Board members remain independent.

5.5.2 The Board’s composition shall not be biased towards representation by a substantial Shareholder of the Group and must reflect the Group’s broad shareholding structure. The Board’s composition shall provide a mechanism for representation of any minority Shareholders without undermining the collective responsibility of the Directors.

5.5.3 The Board shall have at least 2 Executive Directors who understand every single risk and/or product associated with the Group and they shall ordinarily:

a) be resident in Kenya (to the extent possible);
b) have knowledge of the manner in which the Group’s longer term strategy is pursued in practice and have an ability to influence its policies; and

c) effectively direct the business of the Group.

5.5.4 The Non-Executive Directors shall not be less than three-fifths of the total members of the Board, and the Independent Directors shall not be less than one-third of the total members of the Board. The Group shall make a disclosure in its annual report in relation to the number of Non-Executive and Independent Directors on its Board and whether minority Shareholders have been represented.

5.5.5 The Board shall ensure that the roles of the Chairperson and the Chief Executive Officer are separate and shall not be exercised by the same individual. The Board shall be chaired by a Non-Executive Director to lead and manage the work of the Board and to ensure that it operates effectively and discharges its legal and regulatory responsibilities.

5.5.6 The Chairperson may not act as the chairperson of more than 2 public listed companies at any one time in order to ensure effective participation in the Board.

5.5.7 Where there are controlling Shareholders who have appointed a Board member the Board should exercise caution and such Director shall take note of his/her responsibility to all the Shareholders.

5.6 Balance of Power

The Board shall ensure that no one person or a block of persons has unfettered power, and that there is an appropriate balance of power and authority on the Board which is, inter alia, usually reflected by separating the roles of the Chief Executive Officer and that of the Chairperson; and by having a balance between Executive Directors and Non-Executive Directors.

6 Division of Role of Chairperson and Chief Executive Officer

6.1 The Chairperson

The Chairperson of the Board shall be an Independent Non-Executive Director. The Chairperson shall lead and manage the work of the Board and ensure that decisions are taken on a sound and well-informed basis. The Chairperson shall provide leadership to the Board and is responsible for the Board’s effective overall functioning.

The Chairperson shall ensure that Board decisions are taken on a sound and well-informed basis. He or she shall encourage and promote critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process.

The Chairperson shall not be involved in the day-to-day running of the Group so as to provide effective oversight.

Every person who is a Chairperson of a public listed company shall not hold such position in more than 2 public listed companies at any one time in order to ensure effective participation in the Board.

The Chairperson shall also ensure:

a) the smooth functioning of the Board, the governance structure and shall instil a positive culture in the Board;

b) guidelines and procedures are in place to govern the Board’s operation and conduct;

c) all relevant issues are on the agenda for Board meetings and all Directors are able to participate fully in the Board’s activities;

d) the Board debates strategic and critical issues;

e) the Board receives the necessary information on a timely basis from the management;

f) avenues are provided for all Directors to participate openly in the discussion; and
g) that they provide leadership to the Board and shall be responsible for the developmental needs of the Board.

The Board shall ensure there is a clear succession plan for its Chairperson.

The Group shall notify the CBK when the Chairperson vacates office within 7 days after his/her departure and the reasons for the departure shall be disclosed.

6.2 Chief Executive Officer

The Chief Executive Officer shall be wholly responsible to the Board for the day to day running of the Group. The collective responsibility of the Group’s management is vested in the Chief Executive Officer and bears ultimate responsibility for all management functions.

The Chief Executive Officer is expected to undertake the following key responsibilities:

a) ensure that the policies spelt out by the Board in the Group’s overall corporate strategy of the institution are implemented;

b) identify and recommend to the Board competent officers to manage the operations of the Group. In the fulfilment of this duty, the Chief Executive Officer shall ensure that the Group’s human resources policy is adhered to;

c) co-ordinate the operations of the various departments within the Group;

d) establish and maintain efficient and adequate internal control systems;

e) design and implement the necessary management information systems in order to facilitate efficient and effective communication within the Group; and

f) ensure that the Board is frequently and adequately appraised about the operations of the Group through presentation of relevant Board papers.

Ultimate responsibility will reside with the Chief Executive Officer and the Executive Directors shall report to the Chief Executive Officer with regard to the execution of his/her role. The Executive Directors shall be involved in every major management decision of the Group. Where the Executive Director’s opinion differs from the Chief Executive Officer and the Chief Executive Officer has discretion to take the final decision on the course of action on behalf of the Group, however the Executive Director shall have the right to bring the issue to the Board as a matter of urgency. This mechanism shall provide effective oversight on the management of the Group.

There shall be a clear succession plan for the Chief Executive Officer.

7 Attendance at Board Meetings

The Board shall meet regularly and at least once a quarter. Each Director shall have 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 shall attend at least 75% of the Board meetings of the Group in any financial year.

Attendance of Board meetings shall be by physical appearance. However, attendance at Board meetings by video conferencing or such other method approved by the CBK and the Telephone and Video Conferencing Policy may be exceptionally allowed with prior approval of the Chairperson. This is to ensure that every Board member discharges his or her responsibility effectively.

8 Remuneration of the Board

The Group shall establish a formal and transparent procedure for the remuneration of Directors and Senior Management which shall be approved by Shareholders. It is the responsibility of the Board to determine the remuneration of Directors subject to Shareholder’s approval.

Directors’ remuneration shall be sufficient to attract and retain Directors to run the Group effectively and shall be
competitively structured and linked to performance, but shall also be balanced against the need to ensure that the Group’s funds are not used to subsidise an excessive remuneration package. Non-Executive Directors shall not receive any salary.

Key particulars of compensation shall be disclosed to the public in the annual report. The information shall include the decision making process used to determine the compensation policy, criteria used for performance measurement and risk adjustment, the amounts of remuneration for the financial year and other key information on the incentive and compensation systems.

The Executive Directors’ remuneration shall be competitively structured in line with remuneration for other directors in the same industry and should be aligned with the business strategy and long-term objectives of the Group.

The remuneration of the Executive Directors shall include an element that is linked to corporate performance including a share option scheme so as to ensure the maximisation of the Shareholders’ value.

Remuneration of Board members should reflect the Board’s responsibilities, expertise and complexity of the Group’s activities.

Compensation of employees should be structured so that the compensation outcome is sensitive to risk outcomes over a multi-year horizon.

9 Roles and Responsibilities

The Board shall exercise all the powers of the Group and shall ensure that the Group complies with the Constitution, all applicable laws and regulations in line with accepted national and international standards, as well as its internal policies and the Memorandum and Articles of Association and will also exercise the following functions listed below.

9.1 Strategy and Objectives

The Board shall determine the Group’s objectives and determine strategies to deliver these objectives, including the framework within which its Directors, Senior Management and management shall operate. These shall cover all aspects of operations, including strategic planning, credit administration and control, asset and liability management encompassing the management of liquidity risk, interest rate risk and market risk, accounting and internal control systems, service quality, automation plan, prevention of money laundering, profit planning and budgeting, adequacy of capital, and human resource development.

The Board shall also monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans and shall regularly, preferably at least once a quarter, review policies and strategies with Senior Management in order to determine areas needing improvement.

9.2 Regulatory Compliance

In all its decision-making, the Board shall ensure that the Group complies with all relevant laws, regulations, guidelines and codes of best business practice. The Board shall ensure that it adequately monitors the Group’s compliance with applicable laws, regulations, codes and standards.

Accordingly, the Board shall implement systems to effectively monitor and control compliance and provide training to the Group’s employees in relation to these matters. Compliance risk shall form part of the Group’s risk management process.

The Board shall organise for a legal and compliance audit to be carried out periodically and shall ensure that:

a) an internal legal and compliance audit is carried out every year save for the year that a comprehensive independent legal is carried out;

b) a comprehensive independent legal audit is carried out at least once every 2 years by a legal professional in good standing with the Law Society of Kenya; and
c) the findings from the audits are acted upon and any non-compliance issues arising are corrected as necessary.

The Board shall, with the assistance of the Company Secretary, ensure that a governance audit is carried out at least annually by a competent and recognised professional, accredited for that purpose by the ICPSK, in order to check on the level of compliance with sound governance practices. After undergoing the governance audit, the Board shall provide an explicit statement on the level of compliance.

The governance audit shall cover governance practices in the following parameters:

a) leadership and strategic management;
b) transparency and disclosure;
c) compliance with laws and regulations;
d) communications with Shareholders;
e) Board independence and governance;
f) Board systems and procedures;
g) consistent Shareholder and Shareholders’ value enhancements; and
h) corporate social responsibility and investment.

The Group shall establish an independent compliance function that provides assistance to the Board and Senior Management in complying with applicable laws, rules, codes and standards.

The compliance officer shall report independently to the Board or to a committee of the Board or through the chief risk officer.

Each Director shall familiarise him/herself with the general content of the relevant laws and guidelines in order to adequately discharge their fiduciary duties in the best interests of the Group and their duty of care, skill and diligence. The Board shall ensure that compliance with such laws and guidelines receives the highest priority in particular the Director should be familiar with the provisions of the Banking Act, the Central Bank of Kenya Act (Chapter 491, Laws of Kenya) and any guidelines thereunder. The Board shall review the CBK’s inspection and audit reports and ensure the implementation of any recommendations made by the CBK.

9.3 Annual General Meeting

The Board shall provide to all its Shareholders sufficient and timely information concerning the date, location and agenda of the Annual General Meeting as well as full and timely information regarding issues to be decided during the Annual General Meeting.

The Directors shall provide sufficient time for Shareholders’ questions on matters relating to the Group’s performance and seek to address the Shareholders’ concerns.

The Board shall ensure that Shareholders’ rights of full participation are protected and shall provide Shareholders with:

a) sufficient information on voting rules or procedures;
b) sufficient information on each subject to be discussed at the Annual General Meeting;
c) the opportunity to raise questions before the Directors in relation to the Group’s performance and with the expectation that the Directors will address the Shareholders’ concerns;
d) the opportunity to place items on the agenda of the Annual General Meeting prior to the Annual General Meeting;
e) proxy models with different voting rights;
f) the opportunity to vote by proxy; and
g) sufficient information to enable them to consider the costs and benefits of their votes.

9.4 Shareholders’ Interests

The Board’s responsibility is to serve the legitimate interests of the Shareholders and facilitate the effective exercise of their rights in accordance with the Directors’ fiduciary responsibilities and in carrying out its responsibilities the Board shall ensure that there is equitable treatment of all holders of the same class of issued shares as well as minority and foreign Shareholders. The Board shall ensure that the Group communicates with the Shareholders effectively and accounts to them fully.

9.5 Stakeholders’ Interests

It shall be the Board’s responsibility to identify the Group’s internal and external Stakeholders and agree with them on a policy or policies and determining how the Group should relate to them. The Board shall develop strategies and suitable policies to manage relations with different Stakeholder groups and engagement with Stakeholders shall be deliberate and planned.

In discharging its responsibilities, the Board shall take into account the interests and the governance practices of all the Group’s relevant Stakeholders when making decisions and at all times ensuring that there is a system in place for effectively communicating information to the Group’s Stakeholders. The Board shall ensure that the Group maintains an effective relationship with its supervisors and Stakeholders.

The Board shall strive, while acting in the best interests of the Group, to achieve an appropriate balance between the interests of its various Stakeholders in order to achieve the long term objectives of the Group.

The Board, while accountable to the Group, shall take into account the legitimate expectations of Stakeholders in the Board’s decision making.

The Board shall proactively supply relevant information to Stakeholders, and shall have regard for the best interests of the Group in determining what information is to be shared.

9.6 Internal Control Systems

The Board shall regularly review processes and procedures to ensure the effectiveness of its internal systems of control, so that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.

The Board shall establish and review on a regular basis the adequacy and integrity of the Group’s internal control systems for acquisitions and divestitures and management of information systems including compliance with applicable laws, regulations, rules and guidelines.

The Board shall recognise and acknowledge that independent, competent and qualified internal and external auditors, as well as other internal control functions, are vital to the corporate governance process.

The Board shall set out its responsibility for internal control in the Board Charter and ensure the effectiveness of the Group’s risk management and internal control practices on an annual basis.

The Board shall delegate to Senior Management the responsibility of designing, implementing and monitoring effectiveness of internal control systems and shall confirm the effectiveness of the Group’s risk management and internal control practices on a regular basis.

9.7 Internal and External Dispute

The Board shall establish a formal process to resolve both internal and external disputes.

9.8 Risk Management
The Board shall identify key risk areas and key performance indicators of the business and monitor these factors and shall at least once a quarter review processes and controls with Senior Management in order to determine areas needing improvement, as well as to identify and address significant risks and issues, including compliance issues. The Board shall ensure that the control functions are properly positioned, staffed and resourced and are carrying out their responsibilities independently and effectively.

The Group shall have an independent risk management committee with sufficient authority, stature, independence, resources and access to the Board. The oversight of risk management shall be assigned to a senior officer such as a chief risk officer who shall report independently to the Risk Management Committee. The chief risk officer must be sufficiently independent of the business lines to ensure an adequate separation of duties and the avoidance of a Conflict of Interest.

Effective risk management requires robust internal communication within the Group about risk, across the organisation and thorough reporting to the Board and Senior Management. The Board and Senior Management shall put in place policies to ensure timely, complete and accurate information to enable them to make informed decisions.

The Board shall discourage excessive risk taking and shall communicate this in policies and procedures to the Senior Management. The Board shall ensure that ethical risks and opportunities are incorporated in the risk management process.

9.9 Financial Reporting

The Board shall develop structures to independently verify and safeguard the integrity of financial reporting and ensure the truthful and factual representation of the Group’s financial position. The Board shall put in place a structure for the review authorisation designed to ensure the truthful and factual presentation of the Group’s financial position. This structure should include:

a) review and consideration of the financial statements by the Audit Committee; and

b) a process to ensure the independence and competence of the Group’s external auditors.

The Board shall explain in the Group’s annual report the Board’s responsibility for preparing the annual reports and accounts, with a statement by the auditor about their reporting responsibilities. The Board shall take full responsibility for the accuracy of the financial statements.

The Board shall disclose whether it has complied with the IFRS in preparing its financial statements and shall disclose any deviation from these financial standards.

The Board shall ensure that the Group’s financial statements and the Board’s report is made available on the Group’s website and remains on the website until the financial statements and Board’s report for the next financial year are made available.

The Board shall continually work towards the introduction of integrated reporting.

9.10 Corporate Performance, Viability and Sustainability

It shall be the Board’s responsibility to foster the long-term business of the Group and to ensure that the Group will survive, thrive and continue as a viable going concern.

9.11 Appointment and Oversight of Senior Management

The Nomination Committee shall recommend an individual to be appointed to the Board or Senior Management. The Board shall then either approve or deny such individual recommended by the Nomination Committee. The Board shall appoint those persons who are competent, qualified and experienced to administer the Group’s affairs and shall replace persons considered undesirable.

Additionally, it shall ensure the motivation and protection of intellectual capital intrinsic to the Group and ensure that there is adequate training in the corporation for management and employees and a succession plan in place for
Senior Management.

The Board shall regularly assess, individually and as a whole, the performance and effectiveness of the Board, including the Chief Executive Officer.

9.12 **Information Technology Systems**

The Board shall be responsible for ensuring that all technology and systems used in the Group are adequate to properly run the business and to ensure that it remains effectively competitive. The Board shall ensure that an IT governance charter is established and implemented which shall oversee the cultivation and promotion of an ethical IT governance and management culture.

The Board shall ensure that an IT internal framework is adopted and implemented and the Board receives independent assurance on its effectiveness for complete, timely, relevant and accurate reporting.

The Board shall oversee the proper value delivery of IT so that the expected return on investment on significant IT investments is delivered and the information and intellectual property contained in the information systems are protected.

9.13 **Reputation of the Group**

The Board shall at all times aim to maintain a positive image of the Group, within the banking industry and within the economy as a whole, with the ultimate aim of being a champion of the socio-economic prosperity of the people of Africa.

To this extent, therefore, the Group is expected to provide adequate services and facilities both efficiently and competitively in line with safe and sound banking practices.

9.14 **Organisational Structure**

The Board shall ensure the Group’s organisational structure facilitates effective decision making and good governance and the Board shall propose amendments as may be necessary from time to time. This shall include setting and enforcing lines of responsibility and accountability throughout the Group, which define clearly the key responsibilities and authorities of the Board itself, as well as of Senior Management and the Group’s internal control functions.

9.15 **Access to/and disclosure of Information**

The Board shall establish procedures to allow its members access to information and professional advice. The Board shall have access to all information pertaining to the Group. Senior Management shall supply relevant, accurate and complete information to the Board and in a timely manner to enable the Board to discharge its duties effectively.

The Board shall where necessary seek legal, financial, governance or any other expert advice necessary. The Board shall also be permitted to seek external advice at the Group’s expense through an agreed procedure.

The Group shall ensure that it has appropriate corporate disclosure policies and procedures.

9.16 **The Media**

The Board shall release information to the media proactively on a timely basis to ensure effective reporting on corporate affairs as well as issues of corporate governance.

9.17 **Personnel Policy**

The Board shall develop an appropriate staffing and remuneration policy, participating in the appointment of the Senior Management and such other persons as the Board may determine from time to time. In respect of its Senior Management, the Board shall have in place formal performance standards that are consistent with the Group’s long-term objectives, strategy and the Group’s own risk/tolerance appetite and there shall be formal processes to evaluate the Senior Management’s performance.
10 Operational Structure

The Board and Senior Management shall understand the structure and the organisation of the Group and the Group subsidiaries, including the aims of its different business units and subsidiaries and the formal and informal links and relationships among the entities and with the Group.

The Board and Senior Management shall understand the legal and operational risks and constraints of the various types of intra-group exposures and transactions and how they impact upon the Group’s funding, capital and risk profile under normal and adverse circumstances. Sound and effective measures and systems shall be in place to facilitate the generation and exchange of information among and about the various Group entities, to manage the risks of the Group as a whole, and for the effective supervision of the Group.

The Board shall approve policies and clear strategies for the establishment of new structures and shall properly guide and understand the Group’s structure, its evolution and its limitations.

11 Board Committees

The Board shall establish and appoint chairpersons to relevant committees and delegate specific mandates to such committees as may be necessary including internal audit, risk management, remuneration, Board nominations, finance, investments and governance. However, the Board shall remain accountable for the acts or omissions of such committees. The Board shall also ensure that the committees established are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them and appoint the chairpersons of the committees. The Board shall ensure that there is a formal procedure for certain functions of the Board to be delegated to the Board committees which shall set the extent of delegation required to enable the Board to properly discharge its duties and responsibilities and to effectively execute its decision-making process.

The Board shall determine the procedure and process within which the committees may be allowed to engage independent professional advice at the Group’s expense. The Board shall not delegate any matters to a Board committee or a member of Senior Management to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.

The Board shall not delegate any matters to a Board committee, the Chief Executive Officer, Executive Directors or Senior Management, to an extent that such delegation would significantly hinder or reduce the ability of the Board to discharge its functions.

The Board shall review the effectiveness and performance of the committees annually and review the mandate of the committees periodically (at least annually) to ensure that they remain relevant.

12 Responsibility to be Adequately Informed

The Board collectively shall have adequate knowledge and experience relevant to each of the material financial activities that the Group intends to pursue in order to enable effective governance and oversight. The Board may seek to have, or have access to, knowledge and experience of fields including finance, accounting, strategic planning, communications, governance, risk management, bank regulation, auditing and compliance.

For the Board to exercise informed, intelligent, objective and independent judgments on the Group’s affairs, they shall have access to accurate, relevant and timely information. The Chairperson, Chief Executive Officer and Company Secretary shall work together to ensure that the Board receives accurate, timely and high-quality supporting information about the Group’s performance at appropriate intervals and in an appropriate manner to enable it to take sound decisions and provide advice to promote the success of the Group.

13 Induction and Training of Directors

2.1 Induction

On appointment to the Board and to Board committees, all Directors will receive a comprehensive induction on their individual requirements (where applicable) in order to become as effective as possible in their role within the shortest practicable time. These skills and knowledge shall be updated at regular intervals. The induction will be designed by the Company Secretary in consultation with the Chairperson and will include meetings with Directors,
Senior Management and key external advisors to assist the Directors in building an understanding of the Group’s operations, the key risks it faces and the Group’s risk management policy.

The induction process should achieve the following:

a) build an understanding of the nature of the Group, its business and the markets in which it operates;
b) build a link with the Group’s staff;
c) build an understanding of the Group’s main relationships; and
d) ensure an understanding of the role of a Director and the framework within which the Board operates.

All Directors shall receive some formal training on their role, duties, responsibilities and obligations as well as Board practices and procedures on first appointment.

The training shall cover the following areas:

a) corporate history, business model, strategy, key performance indicators, company’s risk profile and risk management strategies;
b) role, duties and responsibilities of the Board and Directors;
c) rights and obligations of a Director;
d) support of the Company Secretary;
e) guidance on the Group’s constitution and Memorandum and Articles of Association;
f) personal development process;
g) Board practices and procedures, including Board Committee and individual Director evaluation processes, Board training and development programme and special procedures;
h) disclosure and communication policies;
i) Board and committee structure, composition, board renewal, succession plans and policy on Directors’ re-election;
j) meeting Senior Management;
k) avoidance of Conflict of Interest;
l) the Code; and
m) any other matters of interest to the Board.

13.1 Development

Board members shall also have access to continuous professional development courses on relevant issues and additional business awareness sessions to enable them to maintain and deepen their knowledge and skills and to fulfil their responsibilities as Directors. Directors shall be provided with regular updates on matters relevant to legal reforms, corporate governance, the corporate environment, regulatory obligations, business/commercial risks and other matters that may be of interest in the execution of their role. The Board shall ensure that training is provided to enable members to increase their competency and expertise. The Chairperson shall regularly review and agree with each Board member on his or her development needs. The Board shall allocate sufficient time, budget and other resources for this purpose.

Directors shall be trained, at least once every 3 years, on matters relevant to legal reforms, corporate governance,
changing corporate environment, business/commercial risks and other matters that may be of interest in the execution of their role. Board members shall be required to secure 12 hours of continuous education per year on areas of corporate governance from recognised institutions.

14 Annual report

The Board shall present an objective and understandable assessment of the Group’s operating position and prospects in its annual report. The Board shall ensure that the Group’s accounts are presented in line with International Accounting Standards.

The Board shall include in its annual report a business review of the Group. The business review shall contain a fair view of the Group’s business, a description of the principal risks and uncertainties facing the Group and shall be a balanced and comprehensive analysis of the development and performance of the business of the Group during the Group’s financial year and the position of the Group at the end of that financial year, consistent with the size and complexity of the business.

The annual report shall also detail the Group’s remuneration policies including incentives for the Board and Senior Management, including:

- a) quantum and components (i.e. cash, options and shares) of remuneration for the Directors, (including the Non-Executive Directors) on a consolidated basis as follows:
  - i) Executive Directors’ fees;
  - ii) Executive Directors’ emoluments;
  - iii) Non-Executive Directors’ fees; and
  - iv) Non-Executive Directors’ emoluments;
- b) aggregate Directors’ retirement benefits paid to or receivable by the Directors;
- c) share options and other forms of executive compensation that have yet to be awarded or vested during the course of the financial year;
- d) resignation of Directors; and
- e) aggregate Directors’ loans.

The annual report shall also disclose key Shareholders and the extent of their Shareholding. In this regard, the annual report shall disclose:

- (a) the top 10 direct Shareholders;
- (b) as per IFRS requirements, consolidation and a discussion of the basis for consolidation that would include mention of relevant subsidiaries; and
- (c) the key stakeholders who may have an influence on the Group’s performance and sustainability.

A complete list of Shareholders is required to be sent to the Registrar of Companies on an annual basis.

The Board shall disclose arrangements, that existed at any time during the financial year, to which the Group was a party and whose objects were, or one of whose objects was, to enable Directors of the Group to acquire benefits by means of the acquisition of shares in, or debentures of, the Group or any other body corporate. The Board shall give the names of the persons who at any time in that financial year were Directors of the Group and held, or whose nominees held, shares or debentures acquired under such arrangements.

The Board shall, in the case that the Group issues shares or debentures, include in the Board’s annual report the
reasons for such issuance, the classes of shares or debentures issued and for each class, the number of shares issued or the amount of debentures issued and the consideration received by the Group for the issue.

The Board shall disclose in the Board’s annual report the details of any Equity-linked Agreement entered into by the Group in a financial year. The details shall include the reason for entering the Equity-linked Agreement, the nature and terms of the Equity-linked Agreement, the classes of shares issued and the number of shares under each class issued under the Equity-linked Agreement.

The Board shall also disclose in its annual report the extent to which the Group is complying with the Corporate Governance Guidelines. To the extent that the Group is not fully compliant, the Board shall identify the reasons for the non-compliance and indicate the steps being taken to become compliant.

The annual report shall include a statement that, with respect to each of the persons who was a Director at the time the annual report was approved and so far as the person is aware, there is no relevant audit information which the Group’s auditor is not aware of. It should be stated that the person has taken all steps in their capacity as a Director to make themselves aware of any relevant audit information and to establish that the Group’s auditor is aware of that information.

15 **Transparency**

All disclosures should be accurate, clear and presented in an understandable manner for Shareholders, depositors and other Stakeholders. Timely public disclosure is desirable on the Group’s public website and in its annual and periodical financial reports. All material developments that arise between regular reports should be disclosed without undue delay.

Disclosures shall include, but not be limited to, material information on the Group’s objectives, governance structures and policies (in particular an annual corporate governance specific statement should be made in a clearly identifiable section of the annual report).

The Board shall employ modern communication technologies to communicate with Shareholders. The Board shall ensure that management proactively engage the media on dissemination of important information relating to the Group.

16 **Conflict Situations**

The Board shall ensure that there is a procedure to monitor and disclose to its Shareholders any management or business agreement or arrangement between the Group and its related companies which may give rise to a Conflict of Interest.

The Board shall monitor and manage potential Conflict of Interest at management, Board and Shareholder levels.

Senior Management shall exercise care to avoid situations that may give rise to a Conflict of Interest situation and adhere strictly to this Code and the Conflict of Interest Policy.

The Board shall establish procedures to address Conflict of Interest situations and shall ensure that Senior Management implement policies to identify, prevent or appropriately manage and disclose potential Conflict of Interest situations that may arise. Such policies shall ensure that the Group’s activities that may give rise to a Conflict of Interest are carried out with sufficient degree of independence from each other. This could be done by, for example, ensuring appropriate segregation of duties within the Group so that employees are not assigned potentially conflicting responsibilities, providing for separate reporting lines and internal controls and establishing information barriers between different activities.

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1 An agreement that will result in the Group issuing shares or an agreement requiring the Group to enter into such an agreement. These include:
   (i) an option to subscribe for shares;
   (ii) an agreement for the issue of securities that are convertible into, or entitle the holder to subscribe for, shares in the Group;
   (iii) an employee share scheme; and
   (iv) a share option scheme.
17 Related Party Arrangements

The Board shall ensure that there is a procedure to monitor and disclose to its Shareholders any management or business agreement or arrangement between the Group and its related companies which may give rise to a Conflict of Interest. The Directors will not engage in any conduct or transaction that conflicts with the interests of the Group or that may result in the Group engaging in any improper or illegal activity, including but not limited to money laundering, fraud, bribery, corruption or financing of terrorism. Specifically, a Director will not enter into any contract with the Group with respect to which that Director or any of his associates has any connection, association or financial interest.

18 Insider Lending

Directors shall not use their positions to further their personal interests. The Group will not grant or permit to be outstanding any advances, loans or credit facilities, grant financial guarantees or incur any financial liabilities to, or in favour of any Non-Executive Director.

This limitation shall not apply to:

a) any public company or institution, government body or parastatal in which any Director of the Group sits on the board of directors or other governing body;
b) any private company where a Director of the Group holds not more than a 25% per cent direct or indirect shareholding;
c) any not-for-profit institution or a majority owned subsidiary of a not-for-profit institution in which a Director of the Group sits in an honorary or other capacity; and
d) provided that any transaction of the type described in this clause shall be notified to the Board at the earliest opportunity after its approval if that approval is not made in the first instance by the full Board.

Notwithstanding the foregoing, a credit card issued by the Group and obtained in the normal business shall not be regarded as a credit facility for the purposes of Insider Lending. In addition, general banking products obtained in the ordinary course of business and at arms’ length by any Non-Executive Director or their associates subject to the provisions of the Banking Act shall not be regarded as a credit facility for the purposes of Insider Lending.

19 Involvement of Directors in Politics

Any Director who intends to run for political office at whichever level, whether it is presidential, parliamentary, or any other position under the devolved system of government and/or actively promotes the ideals of any political entity must resign from office.

The Group must maintain a position of neutrality in political or religious inclinations. In performing their duties for the Group, the Board as a whole, and individual Directors, must carry out their functions impartially and ensure that the Group remains politically neutral at all times.

20 Capital Adequacy

The Board is responsible for establishing and maintaining, at all times, an adequate level of capital. The Board must ensure that the capital adequacy policy implemented by the Group is fundamentally sound, well managed and has no material financial or operational weakness and that Senior Management adhere at all times to the prescribed requirements for capital adequacy as set out under the Banking Act and the relevant Prudential Guidelines and risk management guidelines issued thereunder.

21 Risk Classification of Assets

The Board is responsible for establishing:

a) an asset review system which accurately identifies risk, assures the adequacy of the provisions for
non-performing assets, and properly reflects such results in the Group’s financial statements; and

b) a system to ensure that interest accrued on non-performing loans and advances does not exceed the principal owing at the time the loan becomes non-performing.

22 Credit Policy

The Board shall establish:

a) a credit policy specifying the criteria and procedures in the evaluation, processing, approval, documentation, and disbursement of credits. Such policy shall include the procedures for loan administration and recovery, the recording of transactions and maintenance of appropriate credit and document files. The levels of discretion given to approving executive officers or committees must be defined in such credit policy or in a separate resolution of the Board. The credit policy shall also outline circumstances and conditions under which loans may be restructured;

b) a system of reviewing the entire asset portfolio including contingent accounts or off balance sheet items and adequate provisioning for losses at periodic quarterly intervals. Such a review system shall be made part of the credit policy mentioned;

c) a system of review of each extension or renewal of credit, identifying, and classifying troubled credits as weaknesses become evident without waiting for the scheduled periodic review. This review system shall likewise be made part of the credit policy mentioned above; and

d) a system for identifying loans and advances when they become non-performing and the outstanding balance at the time.

23 Liquidity Management

The Board is responsible for establishing and maintaining a liquidity management strategy and policies that are appropriate for the operations of the Group to ensure that it has sufficient liquidity to meet its obligations as they fall due. The strategy and policies shall be communicated to the Directors and Senior Management and all other appropriate staff members for execution.

The Board shall not only measure liquidity on an on-going basis, but also examine ways of how to fund liquidity requirements during distress situations.

24 Anti-Money Laundering

The Board is responsible for ensuring that the Group:

a) establishes adequate internal control measures to address potential money laundering and terrorist financing risks;

b) obtains, verifies and maintains proper identification of customers wishing to open accounts or make transactions whether directly or through proxy;

c) obtains and maintains adequate records such as copies or records of official identification documents like passports, identity cards, driving licenses or similar documents, statements of accounts, account files and business correspondence including the results of any inquiries to establish the background and purpose of any complex, unusual large transactions, for a minimum of 7 years, regarding the sources of funds and details of transactions in order to enable the identification of unusual or suspicious transactions, and reconstruct individual transactions;

d) trains staff on a regular basis in the prevention, detection and control of money laundering and the identification of suspicious transactions;

e) monitors and reports any suspicious transactions or activities to the CBK that may indicate money laundering or other attempts to conceal the true identity of customers or ownership of assets;
f) cooperates with national law enforcement agencies by taking appropriate measures which are consistent with the law where there are reasonable grounds for suspecting money laundering; and

g) whilst taking into account the sensitive nature of extra-territorial anti-money laundering laws and regulations, ensure that its overseas branches and subsidiaries are aware of the reporting requirements as directed by the CBK with regard to suspicious transaction reporting and sanctions reporting.

25 Business Continuity Management and Succession Planning

The Board and Senior Management are responsible for the development, implementation and maintenance of policies that ensure the resilience and continuity of the Group, in the event of major operational disruptions. The Board has fulfilled its business continuity planning responsibilities by implementing a business continuity management policy, prioritising critical business functions, allocating sufficient resources and personnel, providing oversight, approving the business continuity plan, regularly reviewing it and ensuring adherence to it.

These responsibilities include but are not limited to ensuring that business continuity planning forms an integral part of the overall risk management of the Group and that business continuity processes are documented and embedded in the Group’s operations.

The Board shall have in place a clear succession plan for its Chairperson and the Chief Executive Officer and other key roles on the Board in order to avoid unplanned and sudden departures, which could undermine the Group’s and Shareholders’ interest. The Board will also conduct an annual review of succession planning and propose changes to the succession planning process as is necessary.

The term of Directors shall be organised in such a way that they end at different times. This will ensure retention of institutional memory and make it easier to induct new Directors. Where possible, no more than one third of the Directors shall retire at the same time.

26 Risk Management Practices for Outsourced Financial Services

The outsourcing of any financial activity by the Group remains the ultimate responsibility of the Board and Senior Management.

Whilst the Group may delegate its day-to-day operational duties to a service provider, the responsibilities for effective due diligence, oversight and management of outsourcing and accountability for all outsourcing decisions, continue to rest with the Group, its Board and Senior Management. The Board, or any committee delegated by it, is responsible for:

a) approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;

b) laying down appropriate approval authorities for outsourcing depending on risks and materiality;

c) undertaking regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness; and

d) deciding on business activities of a material nature to be outsourced, and approving such arrangements.

Senior Management is responsible for:

a) evaluating the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board;

b) developing and implementing sound and prudent outsourcing policies and procedures commensurate with the nature, scope and complexity of the outsourcing;

c) reviewing periodically the effectiveness of the outsourcing policies and procedures;
d) communicating information pertaining to material outsourcing risks to the Board in a timely manner;

e) ensuring that contingency plans, based on realistic and probable disruptive scenarios, are in place and tested;

f) undertaking periodic review of outsourcing arrangements to identify new material outsourcing risks as they arise; and

g) ensuring that there is an independent review and audit to examine compliance with the outsourcing policies.

27 Stress Testing

The Board has ultimate responsibility for overall stress testing and shall be aware of the key findings of the stress test. The Board must ensure that the Senior Management has in place a fit for purpose stress testing program that is enterprise wide and that the Group’s management has adopted policies requiring use of stress testing as a management tool.

The Senior Management has a critical role in implementing stress testing in the Group’s risk management. This calls for taking ownership of the overall framework, identifying potential stress scenarios, taking remedial measures or actions (where warranted), given the Group’s risk appetite and business strategy. Remedial measures or actions are imperative since much of the value in stress testing is derived from internal discussion of which stress scenarios imply the greatest vulnerability.

As part of its quantitative and qualitative analysis, the Group shall utilise forward looking stress tests and scenario analysis to better understand potential risk exposures under a variety of adverse circumstances. This shall be a key element of the Group’s risk management process. A forward looking approach to risk management shall include ongoing monitoring of existing risks as well as identifying new or emerging risks.

28 Consumer Protection

The Board shall be responsible for:

a) formulating policies, procedures and guidelines which ensure that consumers’ interests are safeguarded through adherence to the established laws and regulations and in particular to the Consumer Protection Act and the Prudential Guidelines;

b) ensuring that the Group desists from unethical, inequitable and unfair business practices that negatively affect depositors; and

c) overseeing the consumer protection framework and ensuring that consumer complaints are attended to and addressed expeditiously.

29 Tendering and Procurement

The Board is responsible for ensuring that the Group adheres to all applicable law and best practice with regard to the procurement of goods and services. The Board shall disclose the Group’s policy on procurement and the top 10 contracts in terms of value.

30 Whistle-blowing Policy

The Board shall disclose the Group’s whistle-blowing policy in its annual report and on its website. The whistle-blowing policy shall ensure that employees feel supported in speaking up in confidence without fear of retribution, encourage all improper an unethical behaviour to be identified and challenged, provide clear reporting procedures, manage all disclosures and provide assurances that disclosures will be taken seriously.

31 Board Evaluation

31.1 Board Effectiveness Review
The evaluations for the Board, Board committees and the Directors shall be conducted annually and the fact that it has been done shall be disclosed in the annual report. The Board shall agree on the parameters to be used in the annual evaluation.

The Board shall through the Nomination Committee, a similar board committee or an independent service provider, regularly review its required mix of skills and experience and other qualities in order to assess the effectiveness of the Board. Such review shall be by means of peer and self-evaluation of the Board as a whole, its committees and the contribution of each and every director, including the Chairperson. Assistance from external facilitators in carrying out Board assessments can contribute to the objectivity of the process. Where the Board has serious reservations about the performance or integrity of a Board member, the Board shall take appropriate actions. The Board shall evaluate its performance, the performance of the Chairperson, the Chief Executive Officer and the Company Secretary on an annual basis and publish a summary of the evaluation results in the annual report of the Group.

The Chief Executive Officer shall submit a report, including the peer and self-evaluations to the CBK annually on the Board and Directors’ evaluations and effectiveness. Board and peer evaluation shall be based on the guidance provided in the Prudential Guidelines and as included in Annexes VI and VII.

The Board shall also establish, periodically review and make public its Board Charter and formalise its ethical standards through the development of a Code of Ethics and Conduct. The Code of Ethics and Conduct should include appropriate communication and feedback mechanisms which facilitate whistle-blowing.

31.2 Board, Committee and Director Evaluation

The Board shall carefully consider whether the evaluations of performance and independence shall be done in-house or conducted by independent service providers or other criteria that may be prescribed by the CBK. Evaluation procedures and results shall be reviewed by the Nomination Committee or such similar committee of the Board.

The Chairperson, through the Nomination Committee, may lead the overall performance evaluation of the Board and Board Committees with the assistance of the Company Secretary. However, independent performance appraisals shall be considered in the interest of eliciting candid responses. The Board shall discuss the Board evaluation results at least once a year.

The Chairperson shall ensure that Directors know that they will be subject to evaluation, and understand the criteria used for evaluation, and the evaluation procedures that will be followed. A Director’s contribution to the Board shall be measured against his/her duties with regard to the Group.

The nomination for re-appointment of a Director at the Annual General Meeting of the Group shall not be an automatic process and shall only occur after the proper evaluation of the performance and attendance of the Director in question.

Should a deficiency in a Director’s performance be identified, a plan shall be developed and implemented for the Director to acquire the necessary skills or to develop appropriate behavioural patterns. The Director evaluation shall be approached in an open, constructive and non-confrontational manner.

The Board shall appoint or elect an Independent Non-Executive Director from within its ranks to lead the process of the evaluation of the Chairperson’s performance if an independent service provider is not used.
5. CORPORATE GOVERNANCE POLICIES & GUIDELINES
A. CODE OF ETHICS AND CONDUCT

Preface

The Group have adopted the following 12-point rules to ensure that its business is conducted according to the highest ethical standards, and in compliance with all applicable laws and regulations governing the banking industry in the jurisdictions within which it operates. These rules apply to all Directors and the Board shall ensure that all the Directors and Senior Management adhere to these 12-point rules. A summary of the Code of Ethics and Conduct should be made available on the Group’s website.

The Group has a zero tolerance policy for all forms of corruption, bribery, fraudulent conduct and unethical business practice. The Group must be fully compliant with the Bribery Act, Proceeds of Crime and Anti-Money Laundering Act and the Anti-Money Laundering Policy of the Group. Additionally, the Group must be fully compliant with the Prevention of Terrorism Act.

1 Article 1: Honest and Ethical Conduct

The Directors will maintain the highest standards of honest and ethical conduct, including:

a) encouraging and rewarding professional integrity in all aspects of the Group and the subsidiaries, including in its business enterprise and its dealings with customers, Shareholders, governmental organisations, Stakeholders and others;

b) providing a mechanism to facilitate reporting of fraudulent behaviour or other deviations from the Group’s policies and procedures to Senior Management without fear of reprisal or alienation for making such a report;

c) maintaining the confidentiality of certain information obtained during the course of employment with the Group. This includes ensuring that confidential information regarding customers, employees, suppliers, and security operations is communicated to other Group representatives on a “need to know” basis only and is used solely for the Group’s purposes and not as a basis for making a profit or furthering a private interest;

d) not engaging in any conduct or transaction that conflicts with the interests of the Group or that may result in the Group engaging in any improper or illegal activity, including but not limited to money laundering, fraud, bribery, corruption or financing of terrorism. Specifically, a Director will not enter into any contract with the Group with respect to which that Director or any of his associates has any connection, association or financial interest;

e) refraining from engaging in activities outside working hours, including other employment, that interfere with job performance or compromise the reputation of the Group as a trusted financial institution;

f) refraining from engaging in any activity, practice, conduct or business related to betting and gambling;

g) abiding by the Prudential Guidelines, prohibiting solicitation or receipt of anything of value with intent to be influenced or rewarded in connection with any transaction or business of the Group; and

h) engaging in transactions which are prudent and in line with the Group’s risk/tolerance policy.

The Directors will not engage in any improper or illegal activity and will observe the Group’s zero tolerance policy on money laundering, fraud, bribery and corruption.

2 Article 2: Financial Records and Periodic Reports

The Directors will establish, manage, and maintain the Group’s transaction and reporting systems and procedures to ensure:
a) business transactions are properly authorised and recorded in accordance with generally accepted accounting principles and the Group’s established financial policy;

b) business and financial records are retained or properly disposed of in accordance with the Group’s financial policies and applicable local laws and regulations; and

c) full, fair, accurate, timely, and understandable disclosure of information in the Group’s annual reports and other financial reports made available to Stakeholders and the general public.

3 Article 3: Compliance with Applicable Laws, Rules, and Regulations

The Directors will establish and maintain mechanisms to:

a) educate Shareholders regarding any statutes, regulation, or administrative procedure that affect the operations of the Group;

b) monitor the Group’s compliance with all applicable statutes, regulations, and administrative rules; and

c) identify, report, and promptly correct any deviation from applicable statutes, regulations, and administrative rules.

4 Article 4: Conflict of Interest

No Director shall engage directly or indirectly in any business activity that competes or conflicts with the Group’s interest. A Director shall avoid all possible Conflicts of Interest.

A Conflict of Interest is any interest, relationship or activity that is incompatible with the best interest of the Group or that could potentially adversely affect a Director’s objectivity in performing services for the Group, and may arise when any Director takes actions or has interests that may make it difficult to perform his or her work objectively and effectively or undermines his impartiality.

A Director must avoid any investment, interest or association that interferes, might interfere, or might appear to interfere with his/her independent exercise of judgment in the Group’s best interest. When a potential Conflict of Interest exists, it is important that each Director acts with honesty, transparency and integrity, avoiding even the appearance that their actions were not in the best interest of the Group and its Shareholders. These activities include, but are not necessarily limited to, the following:

4.1 Outside Financial Interest

Where the Relevant Person has a financial interest in a customer, Shareholder, creditor or debtor, such an interest must be disclosed immediately to the Company Secretary and Chairperson or the Company Secretary and the head of the Board Governance, Nominations and Compensation Committee. Thereafter, the Relevant Person shall not be directly involved in the Group’s dealings with the customer so long as the interest continues to exist.

The above restriction does not apply in cases where employees of the Group have holdings of public quoted Securities unless the Senior Management views the interests to be material, and that the financial interest is considered likely to impair the objectivity of the member of staff concerned. The holding of five per cent or more of the voting shares of a public listed company would be regarded as material.

4.2 Other Business Interests

It is considered a Conflict of Interest if an Executive Director, Chief Executive Officer or Senior Management conducts business other than the Group’s business during office hours. Where the acquisition of any business interest or participation in any business activity outside the Group and office hours demands excessive time and attention from the member of staff, thereby depriving the Group of that employee’s best efforts on the job, a Conflict of Interest is deemed to exist.
Directors and Senior Management may be permitted to enter certain business transactions with the Group subject to the following criteria:

a) the transaction is in the interests of the Group and has a commercial benefit to the Group;
b) the transaction is undertaken at arms’ length; and
c) the proposed transaction has been presented to the Board with sufficient details and the Board has approved it without reservation.

5 Article 5: Misuse of Position

A Director or Senior Manager must not:

a) use the Group’s name or facilities for personal advantage in political, investment or retail purchasing transactions, or in similar types of activities. Directors and their relatives must also not use their connection with the Group to borrow from or become indebted to customers or prospective customers;
b) solicitation or otherwise accept inducements either directly or indirectly whether in cash or in kind in order to provide any favours to a customer in the provision of loans, acceptance of deposits or any other conduct of the business of the Group to which they are entrusted either jointly or individually; or
c) use the Group’s facilities and influence for speculating in commodities, gold, silver, foreign exchange or Securities, whether acting personally or on behalf of friends, relatives or any associate.

Any such misuse of position may give grounds for summary dismissal and/or prosecution. Directors shall not engage in “back-scratching” exercises with employees and directors of other institutions or give them any non-public information in return for similar facilities, designed to circumvent these ethical regulations. The abuse of position to obtain preferential treatment such as purchasing goods, shares and other Securities is prohibited.

6 Article 6: Misuse of Information

Directors shall not deal in the Securities of any company listed or pending listing on any stock exchange at any time when in possession of information, obtained by virtue of employment or connection with the Group, which is not generally available to shareholders or potential investors of that company and the public, and which, if it were so available, would be likely to bring a material change in the market price of the shares or other Securities of the company concerned. This is known as “Insider Trading” or “Market Abuse” and is a criminal offence.

A Director who possesses insider information is also prohibited from communicating such information to any other person or influencing any other person to deal in the Securities concerned, including other Shareholders or staff who do not require such information in discharging their duty.

7 Article 7: Integrity of Records and Transactions

Accounting records and reports must be complete and accurate. Directors shall never make entries or allow entries to be made for any account, record or document of the Group that are false and would obscure the true nature of the transaction, or would mislead on the true authorisation limits or approval authority of such transactions.

All records and computer files or programmes of the Group, including personnel files, financial statements and customer information must be accessed and used with integrity and for legitimate purposes as originally intended.

8 Article 8: Confidentiality

Confidentiality of relations and dealings between the Group and its customers is paramount in maintaining the Group’s reputation. This includes ensuring that confidential information regarding customers, employees, suppliers, and security operations is communicated to other Group representatives on a “need to know” basis only. Directors must take precaution to protect the confidentiality of customer information and transactions. No Director shall
during, or upon and after termination of employment with the Group (except in the proper course of his duty and/or with the Group’s written consent) divulge or make use of any secrets, copyright material, or any correspondence, accounts of the Group or its customers. No Director shall in any way use information so obtained for financial gain or in furtherance of a private interest.

Business and financial information about any customer may be used or made available to third parties only with prior written consent of the customer or in accordance with the arrangements for the proper interchange of information between institutions about credit risks, or when disclosure is required by law.

9 Article 9: Fair and Equitable Treatment

All business dealings on behalf of the Group with its current and potential customers, with other Stakeholders or staff and with those who may have cause to rely upon the Group, shall be conducted fairly and equitably. Directors must not be influenced by friendship or association, either in meeting a customer’s requirement, or in recommending that they be met. Such decisions must be made on a strictly arms-length business basis.

All preferential transactions with Insiders or related interests shall be avoided. If transacted, such dealings shall be in full compliance with the law, judged on a normal business criteria basis and fully documented and duly authorised by the Board or any other independent party.

10 Article 10: Insider Loans

Directors shall not use their positions to further their personal interests. The Group will not grant or permit to be outstanding any advances, loans or credit facilities, grant financial guarantees or incur any financial liabilities to, or in favour of any Non-Executive Director.

The Group will not grant or permit to be outstanding any advances, loans or credit facilities which are unsecured or advances, loans or credit facilities which are not fully secured to any of its significant Shareholders or their associates.

The Group will not grant or permit to be outstanding any advances, loans or credit facility to any Director unless it is:

a) approved by the full Board upon being satisfied that it is viable; or
b) made in the normal course of business and on terms similar to those offered to ordinary customers of the institution. The Group shall notify the CBK of every such approval within 7 days of the granting of the approval.

This limitation shall not apply to any:

a) public company or institution, government body or parastatal in which any Director of the Group sits on the board of directors or other governing body;
b) private company where a Director holds not more than 25% direct or indirect shareholding;
c) not for profit institution or a majority owned subsidiary of a not-for-profit institution in which a Director sits in an honorary or other capacity,

provided that any transaction of the type described in this clause shall be notified to the Board at the earliest opportunity after its approval if that approval is not made in the first instance by the full Board.

11 Article 11: Accountability for Adherence to this Code

The Board of Directors assume full responsibility and accountability for strict adherence to this Code. Any suspected deviations from, or violations of this Code, must be promptly reported to either the Chairperson or the Chief Executive Officer. No retaliation or discrimination will result from any good faith report made in connection with this Code. A thorough investigation of all reports will be conducted in as timely and confidential a manner as possible.

12 Article 12: Penalties
When an officer of the Group is assessed and found to be unfit and not proper to work for the Group (including for reasons of failing to observe the Code and the Corporate Governance Principles as a whole), the Group shall dispense with the services of such an officer forthwith and thereafter inform the CBK.

Any officer of the Group who fails to observe the Code, the Corporate Governance Principles, the provisions of the relevant statutes or any other relevant regulations, shall be liable jointly and severally to indemnify the Group against any loss or losses arising therefrom.

In the case of violation of rules and guidelines on an advance, loan or a facility to a person other than a Director of the Group or a person participating in the general management of the Group, or any breach of Section 11 of the Banking Act, an officer shall not be so liable, provided he or she shows that, through no act or omission on his or her part, he or she was not aware that the contravention was taking place, or he or she took all reasonable steps to prevent it from taking place.

Any Director of the Group who defaults in the repayment of any advance or loan made to him by the Group for 3 consecutive months shall forthwith be disqualified from holding office as such.
B. CONFLICT OF INTEREST POLICY

1 Introduction

Conflict of Interest refers to a situation in which a person has direct or indirect private or personal interest in a matter which is sufficient to directly or indirectly influence or has the potential to directly or indirectly influence the objective exercise of his or her official or professional duties or the making of an impartial decision over the same or related matter.

This policy shall be applicable to the Directors, Senior Management and any other employees of the Group that may as a consequence of their role participate in any activity which gives rise to any actual or potential Conflict of Interest (together, the “Relevant Persons”). No Relevant Person should participate, directly or indirectly, in any activity which gives rise to any actual or potential Conflict of Interest between their own interests and those of the Group. This policy extends to the Associates of the Relevant Persons, who include:


b) any company in which that Relevant Person is a director or secretary, has a controlling interest or is the controlling interest;

c) any company in which that Relevant Person, or any of the Associates mentioned in subparagraph (a) above, has control of 20% or more of the voting power on appointments to the board of directors or entitlement to dividends in the company, whether such control is exercised individually or jointly; or

d) any employee of that Relevant Person.

While it is in the interest of the Group for the Directors and staff members to participate in various civic and professional organisations, it is important that the Group’s ethical standards are not compromised and that Conflicts of Interest are avoided. Business relationships must be carefully scrutinised to avoid even the appearance of impropriety. If any Director or Senior Management is unclear of the impact of this policy upon a personal, non-Group situation, it is important to seek guidance from: (i) the Company Secretary and the Chairperson; or (ii) the Company Secretary and the chairperson of the Audit Committee, prior to entering into that transaction or situation.

If any other employee is unclear of the impact of this policy upon a personal, non-Group situation, it is important to seek guidance from the Company Secretary and the head of the relevant department of the respective employee.

2 Objective of this policy

The Board has established this Conflict of Interest Policy in recognition that excessive activities and gratuities and access to information may lead to actual or potential Conflicts of Interest between the interests of the Group and those of its Relevant Persons.

3 Scope

Activities which may compete or conflict with the Group’s interests include, but are not necessarily limited to, the following:
3.1 **Outside Financial Interest**

Where the Relevant Person has a financial interest in a customer, Shareholder, creditor or debtor, such an interest must be disclosed immediately to the Senior Management or the Board as appropriate. Thereafter, the Relevant Person shall not be directly involved in the Group’s dealings with the customer so long as the interest continues to exist.

The above restriction does not apply in cases where employees of the Group have holdings of public quoted Securities unless the Senior Management views the interests to be material, and that the financial interest is considered likely to impair the objectivity of the member of staff concerned. The Board or Senior Management may determine from time to time what may be considered material. Any holding of 5% or more of the voting shares of a public listed company would be regarded as material.

3.2 **Other Business Interests**

It shall be considered a Conflict of Interest if the Relevant Person of the Group conducts business other than the Group’s business during office hours. Where the acquisition of any business interest or participation in any business activity outside the Group and office hours demands excessive time and attention from the member of staff, thereby depriving the Group of that employee’s best efforts on the job, a Conflict of Interest is deemed to exist.

3.3 **Other Employment or Directorships**

Before making any commitment, employees are to discuss possible part-time employment or other business activities outside the Group’s working hours with their manager or departmental head. A written approval of the head of department shall be obtained before an employee embarks on part-time employment or other business activities. Approval shall be granted only where the interests of the Group will not be jeopardised.

Permission will not be granted for employment that:

a) encroaches on the time or attention which should be devoted to Group activities;

b) adversely affects the quality of work performed;

c) competes, directly or indirectly, with the Group’s activities or create the inference thereof;

d) involves the use of the Group’s personnel, equipment, supplies, or facilities;

e) implies sponsorship or support by the Group on behalf of such interest, employment, activity or organisation; or

f) adversely affects, directly or indirectly, the good name of the Group.

3.4 **Other Directorships**

No person shall be permitted to hold the position of a director in more than 2 institutions licensed under the Banking Act unless the said institutions are Associates, subsidiaries or holding companies. This rule shall not apply to government bodies represented in institutions’ boards by virtue of their position as shareholders.

3.5 **Corporate Directorship**

Senior Management must not solicit corporate directorships. A person in a position of Senior Management shall not serve as a director of another corporation without the approval of the Board. Persons in positions of Senior Management who hold directorships without such approval must seek approval immediately, if they wish to remain as directors of other corporations and provided that such directorships have been notified to the Company Secretary.

However, Senior Management may act as directors of non-profit public service corporations, such as religious, educational, cultural, social, welfare, and philanthropic or charitable institutions, subject to the policy guidelines of the Group.
3.6 **Trusteeship**

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

3.7 **Gifts, Fees, Legacies and Loans**

Employees must not solicit any gifts, monies, commissions, benefits or other favours extended or received from any party in respect of or in relation to any business dealings between the Relevant Persons and the Group.

3.8 **Political Involvement**

The Group is politically neutral and any Director, Senior Management and any other employee of the Group that may as a consequence of their role participate in any activity which gives rise to any actual or potential Conflict of Interest, shall not be involved in any activities that will adversely affect the reputation of the Group.

4 **Identifying and Managing Conflicts of Interest**

Should a Conflict of Interest arise, it must be managed promptly and fairly. As a minimum standard the Group shall have in place arrangements designed to ensure that:

a) divisions and legal entities operate with appropriate independence from one another;

b) there are effective procedures in place to control the flow of information;

c) supervisory arrangements provide for separate supervision of staff where necessary for the fair management of Conflicts of Interest;

d) there are appropriate controls in place to identify and manage cross-board memberships and outside business interests of Relevant Persons;

e) information disclosed by the Relevant Persons to the Company Secretary shall be recorded alongside details of the Group’s existing relationships in a secure environment to enable the effective identification and management of potential and actual Conflicts of Interests;

f) where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest; and

g) there is a periodic review of the adequacy of the Group’s systems and controls.

4.1 **Information Barriers**

The Group shall respect the confidentiality of information it receives from all its customers and complies with all applicable laws with respect to the handling of that information. The Board shall put in place effective procedures to ensure that confidential information pertaining to any of the Group’s customers, prospective customers, products or procedures shall not be revealed to any persons outside of the Group except by court order, nor used in any manner for personal gain.

Inside financial or other material information regarding the Group is not to be released to any person or entity without prior written approval from the Chief Executive Officer. Further, under no circumstances may a director or staff member obtain or knowingly assist others to obtain unauthorised confidential information about any individual, nor perform any unauthorised computer function or knowingly provide inaccurate, misleading, altered or incomplete information regarding any account or document. Staff members should not attempt to answer inquiries from the media about or on behalf of the Group or its customers. All questions from the media should be referred to the Chief Executive Officer or to his/her designated Senior Management official.

The principal way in which the Group structures its business, to manage actual and potential conflicts of interest, is through the maintenance of information barriers which are designed to restrict information flows between different
divisions of the Group and to enable the Group and the Relevant Persons to carry out their roles without being influenced by information held within the Group or Relevant Persons that may give rise to an actual or potential Conflict of Interest.

4.2 Organisational Arrangements

The Board shall ensure that an organisational structure is in place within the Group which provides for the segregation of duties of the Relevant Persons in order to prevent conflicts arising through inappropriately apportioned roles and responsibilities so as to ensure that no one Relevant Person can exercise inappropriate influence over a particular process within the Group without effective oversight and supervision.

4.3 Board Meetings

Where a Director (or where applicable Senior Management) has an interest in a particular matter at a meeting of the Board, he/she shall declare such interest immediately and shall recuse themselves from or be recused by the Board from participating in discussions on the matter in question in order to ensure that the matter is objectively dealt with. They shall not be counted for the purpose of constituting a quorum.

Where a Director has already declared an interest, he/she shall not receive the information relating to the issue where he/she is conflicted as part of the Board pack.

4.4 Matters pertaining to the Chairperson

One of the Independent Non-Executive Directors shall chair meetings where there are discussions relating to the succession of the Chairperson, the Chairperson’s performance appraisal and where the Chairperson has a Conflict of Interest.

5 Reporting and Disclosure of Interests

It is the responsibility of each Relevant Person to familiarise themselves with this Policy and to immediately disclose Conflicts of Interest or potential Conflicts of Interest.

The Relevant Persons shall provide a written confirmation or state any conflict that they may have to the Company Secretary, on an annual basis, stating that they have no material interest or any Conflicting Interest with the Group.

In the event of a conflict arising, the Director or Senior Management shall inform the Company Secretary and the Chairperson or the Company Secretary and the chairperson of the Audit Committee. In the event of conflict arising, the employee shall inform the Company Secretary and the head of the relevant department of the respective employee.

6 Consequences of Breach of Conflict of Interest Policy

In some cases, a breach of this policy could be a violation of the law or regulations and could be cause for legal action against a Relevant Person.

If in the opinion of the Board, any Director violates any of the provisions of this policy, severe and appropriate disciplinary action will occur. Such disciplinary action may include such Director being required to vacate the office of Director and/or termination of employment.

If in the opinion of the Senior Management, any employee violates any of the provisions of this policy, severe and appropriate disciplinary action will occur. Such disciplinary action may include immediate termination of employment. The Board will be made aware of all violations of this policy by employees via the appropriate communication channels.
C. INSIDER TRADING AND MARKET ABUSE POLICY

1 Objective

The ordinary shares of the Group are listed and publicly traded on the NSE and are or will be listed on other regional securities exchanges. The laws of Kenya impose certain restrictions/sanctions relating to dealing in listed securities, their derivatives and derivatives traded on any market regulated by the Capital Markets Authority of Kenya where persons have in their possession non-public information concerning a listed company or the Securities in a listed company which, if made public, would be likely to have a material impact on the price of the Securities in question.

This policy is being adopted in light of the legal requirements and with the goal of seeking to:

a) prevent violations of the laws governing the dealing of the Group’s shares listed at the NSE;

b) avoid the appearance of impropriety on the part of those employed by or associated with the Group; and

c) protect the reputation of the Group its Shareholders, Stakeholders, Directors and employees.

2 Background and Rationale

2.1 Insider trading refers generally to buying or selling of the Group’s ordinary shares at the NSE, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material, non-public information about the shares.

2.2 Insider trading occurs when someone who is, or was connected with a company or is deemed to have been connected with a company, and who is reasonably expected to have access, by virtue of such connection to unpublished information, deals or encourages another person to deal in particular Securities (in this case the ordinary shares of the Group) based on information that is not yet available to the public. Such information may allow them to profit or avoid a loss. It is also an offence where someone discloses such information otherwise than in the proper functions of his or her employment, office or profession, to another person. The law is indifferent as to whether the information allows them to profit or avoid a loss. Insider trading violations may also include "disclosing" such information to other persons.

2.3 The Group seeks as part of its continuing listing obligations to prohibit insider trading in line with the applicable regulations and statutes. Insider trading is illegal as it enables persons who have access to non-public information to potentially profit or avoid loss from access to such information.

2.4 Insider trading and related investigations may impact upon the goodwill and reputation of the Group with the general public, regulators, and its Stakeholders.

3 Policy Statement

3.1 General Policy

This Insider Trading and Market Abuse Policy shall be applicable to any person who, is or was connected with the Group or is deemed to have been connected with the Group, and who is reasonably expected to have access, by virtue of such connection to unpublished information. These persons shall include all Relevant Persons, all the staff of the Group and any of its subsidiaries; their associates, and all consultants and third party advisors engaged by the Group.

3.2 Specific Policies, Restricted Period and Practices

3.2.1 No Insider with material non-public information shall trade in the Group’s shares from the date the insider obtained the material non-public information to the date of the second business day following the date of public disclosure of the material information. The terms material and non-public are defined below.

3.2.2 No Insider shall purchase or sell shares of the Group frequently in a manner as to appear to be speculating in the shares of the Group for short-term gain.
3.2.3 No Insider shall disclose (“tip”) material non-public information of the Group to any other persons nor shall such insider make recommendations or express opinions on the basis of material non-public information as to trading in the Group’s shares. The prohibition on unauthorised dissemination of material non-public information or any of the Group’s confidential information applies equally to communications made through social media platforms.

3.2.4 Non-public information relating to the Group is the property of the Group and the unauthorised disclosure of such information is forbidden. In the event any senior manager, Director or employee of the Group receives any inquiry from outside the Group, such as from a stock analyst or a journalist, for information (particularly financial results and/or projections) that may be deemed as material non-public information, the inquiry shall be referred to the Company Secretary who is responsible for co-ordinating and overseeing the release of such information to the investing public, analysts and others, in compliance with applicable law and regulations.

3.3 Non-public Information

Non-public information is information that has not been previously disclosed to the general public and is otherwise not available to the general public. Information is made public if:

a) it is published in accordance with the rules of a securities exchange for the purpose of informing investors and their professional advisers;

b) it is contained in records which by virtue of any law are open to inspection by the public;

c) it can readily be acquired by those likely to deal in any Securities: (i) to which the information relates; or (ii) of an issuer to which the information relates; or

d) it is derived from information which has been made public.

Information may be treated as having been made public if the information:

a) can be acquired by persons exercising diligence or expertise;

b) is communicated to a section of the public;

c) can be acquired by observation;

d) is communicated on a payment of a fee; or

e) is lawfully published outside Kenya.

4 Material Information

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Group’s Securities. Material information will therefore include all price sensitive information. Positive or negative information relating to the Group, or its Securities, may be material.

While it may be difficult to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, shall always be considered material.

Examples of such information may include:

4.1 Changes in Corporate Structure

a) changes in share ownership that may affect control exercised over the Group;

b) major reorganisations, amalgamations, mergers, divestitures; or
c) take-over bids, issuer bids, or insider bids.

4.2 Changes in Capital Structure

a) the public or private sale of additional shares;
b) redemptions of shares;
c) planned splits of common shares or offerings of warrants or rights to buy shares;
d) any share consolidation, share exchange, or stock dividend;
e) changes in a company’s dividend payments or policies;
f) the possible initiation of a proxy fight; or
g) material modifications to the rights of Shareholders.

4.3 Changes in Financial Results

a) a significant increase or decrease in near-term earnings prospects;
b) financial results for any period including quarterly announcements;
c) shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs;
d) changes in the value or composition of the Group’s assets; or
e) any material change in the Group’s accounting policies.

4.4 Changes in Business and Operations

a) any development that affects the Group’s resources, technology, products or markets;
b) a significant change in capital investment plans or corporate objectives;
c) major labour disputes or disputes with major contractors or suppliers;
d) significant new contracts, products, patents, or services or significant losses of contracts or business;
e) significant discoveries by resource companies;
f) changes to the Directors or key members of Senior Management of the Group;
g) the commencement of, or developments in, material legal proceedings or regulatory matters;
h) waivers of corporate ethics and conduct rules for officers, directors, and other key members of Senior Management of the Group;
i) any notice that reliance on a prior audit is no longer permissible; or
j) de-listing of the Group’s shares.

4.5 Acquisitions and disposals

a) significant acquisitions or disposals of assets, property or joint venture interests; or
b) acquisitions or disposals of other companies, including a take-over bid for, or merger with, another company.

4.6 Changes in credit arrangements
a) the borrowing or lending of a significant amount of money;

b) any mortgaging or encumbering of the Group’s assets;

c) defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors;

d) changes in rating agency decisions; or

e) significant new credit arrangements.

5 Applicability of Policy to Inside Information Regarding Other Companies

This Insider Trading and Market Abuse Policy and the guidelines described herein also apply to material non-public information relating to other companies, including the Group’s customers, vendors and suppliers (“Business Partners”), when that information is obtained in the course of employment with, or the performance of services on behalf of the Group. Civil and criminal penalties, and termination of employment, may result from trading on inside information regarding the Group’s Business Partners. All Senior Management, Directors and employees, shall treat material non-public information about the Group’s Business Partners with the same level of care applied to information related directly to the Group.

6 Certain Exceptions

For purposes of this Insider Trading and Market Abuse Policy, the Group considers that the exercise of stock options for cash under the Group’s stock option plan (if any) and the purchase of shares pursuant to the Group’s employee stock option plan are exempt from this Insider Trading and Market Abuse Policy, since the other party to these transactions is the Group itself and the price does not vary with the market, but is fixed by the terms of the option agreement or plan. However, it is remains an offence to engage in Insider Trading in respect of shares obtained pursuant to such schemes.

In addition, for purposes of this Insider Trading and Market Abuse Policy, the Group considers that bona fide gifts of the shares or other Securities of the Group are exempt from this Insider Trading and Market Abuse Policy. Whether a gift is truly bona fide will depend on the circumstances surrounding a specific gift. The more unrelated the recipient is to the donor; the more likely the gift would be considered “bona fide” and not a “transaction”. For example, gifts to charities, churches or non-profit organisations would not be deemed to be “transactions”. However, gifts to dependent children family members followed by a sale of the “gifted securities” in close proximity to the time of the gift may imply some economic benefit to the donor and, therefore, may be deemed to be a “transaction” and not a “bona fide gift.”

Further an Insider may with the written authority (in the format prescribed under the schedule appended herewith) of the Chief Executive Officer and the Company Secretary of the Group be allowed to buy and sell the Group’s Securities at the NSE during the restricted periods in limited exceptional circumstances which will include instances of acute financial constraints for the particular Insider and where the Insider in question is required by a court order to transfer or sell the Securities of the Group or there is some other overriding legal requirement for him to do so.

7 Market Abuse

Under the Capital Markets Act it is an offence to commit market abuse in Kenya. The Capital Markets Act has identified 5 types of market abuse:

a) market manipulation;

b) false trading and market rigging;

c) fraudulently inducing trading in securities;

d) use of manipulative devices; and

e) false or misleading statements inducing Securities transactions.
Details of each of these offences are set out below.

8  **Market Manipulation**

It is an offence if a person who enters into or carries out, directly or indirectly, 2 or more transactions in the Securities of the Group or in other listed securities, which by themselves or in conjunction with any other transaction:

a) increase, or are likely to increase the price with the intention of inducing another person to purchase, or subscribe for, or to refrain from selling Securities issued by the same company or a related company, or such other listed securities;

b) reduce, or are likely to reduce, the price with the intention of inducing another person to sell, or to refrain from purchasing, Securities issued by the same company or a related company, or such other listed securities; or

c) stabilise, or are likely to stabilise, the price with the intention of inducing another person to sell, purchase, or subscribe for, or to refrain from selling, purchasing or subscribing for, Securities issued by the same company or by a related company, or such other listed Securities.

For the purposes of the offence of market manipulation, “Securities” includes exchange-traded derivative contracts and options on exchange-traded derivative contracts, in connection with the Securities.

9  **False Trading and Market Rigging**

It is an offence if a person creates or does anything which is intended or likely to create a false or misleading impression:

a) of active trading in the Securities of the Group or other listed Securities on the NSE; or

b) with respect to the market for or the price for dealings in Securities traded on the NSE.

The Capital Markets Act provides some guidance as to what constitutes a false or misleading impression in Securities and states that a false or misleading impression of active trading in Securities is created if a person:

a) enters into or carries out, directly or indirectly, any transaction for the sale or purchase of Securities which does not involve a change in the beneficial ownership of the securities, or offers to do so; or

b) offers to sell Securities at a price which is substantially the same as the price at which he has made or proposes to make, or knows that an associate of his has made or proposes to make, an offer to buy the same or substantially the same, number of Securities.

10  **Fraudulently Inducing Trading in Securities**

It is an offence if a person induces or attempts to induce another person to subscribe for, sell or purchase Securities in the Group or other listed securities by:

a) making or publishing any statement, promise or forecast that is false, misleading or deceptive;

b) concealing any material facts;

c) making or publishing any statement, promise or forecast which is misleading, false or deceptive; or

d) recording or storing in, or by means of, any mechanical, electrical or other device, information that is false or misleading.

11  **Use of Manipulative Devices**

It is an offence if a person, directly or indirectly, in connection with any transaction with any other person involving the subscription, purchase or sale of Securities in the Group or other listed Securities:
a) uses any device, scheme or artifice to defraud the other person;

b) engages in any act, practice or course of business which is fraudulent, deceptive, or likely to defraud or deceive that other person; or

c) makes any false statement in relation to a matter or omits to state a material fact that is necessary in order to make the statements made in the light of the circumstances under which they were made, not misleading.

12 False or Misleading Statements Inducing Securities Transactions

It is an offence if a person, directly or indirectly, for the purpose of inducing the subscription for, sale or purchase of Securities of the Group or other listed securities by another person of any company, or of any other listed Securities, or to maintain, increase, reduce or stabilise the price of such securities, makes with respect to the Securities:

a) any statement which is, at the time and in light of the circumstances in which it is made, false or misleading with respect to any material fact and which that person knows or reasonably ought to know is false or misleading; or

b) any statement which is, by reason of the omission of a material fact, rendered false or misleading and which that person knows or ought to know is rendered false or misleading by reason of omission of that fact.

13 Penalties for Market Abuse in Kenya

A person who is convicted of an offence of market abuse is liable for a fine not exceeding 5,000,000 shillings or to imprisonment for a term of 2 years and payment of twice the amount of the gain made or loss avoided.

A company which is convicted of an offence of market abuse is liable for a fine not exceeding 10,000,000 shillings and payment of twice the amount of the gain made or loss avoided.

Please note that a person who is convicted of an offence for market abuse may, in addition to the penalty imposed for committing the offence, be liable to an action by a person who has sustained monetary loss as a result of having purchased or sold Securities at a price affected by the act or transaction which comprises or is the subject of the offence, to an action for damages in respect of the loss concerned.

14 Declaration and Clearance

Please refer to the forms included in Annexure IX (Insider Trading).
D. CORPORATE GOVERNANCE, VIABILITY AND SUSTAINABILITY

1 Commitment to Good Corporate Citizenship

The Board shall ensure that the Group’s strategies promote the sustainability of the Group and that it protects, enhances and invests in the well-being of the economy, society and the environment. The Board shall give attention to Environmental, Social and Governance (ESG) aspects of the Group which underpin sustainability.

The Group underscores its commitment to being a good corporate citizen and ensuring that it effectively balances the need for long-term viability and prosperity of the Group with that of the community on which it relies for its ability to generate economic value with the requirement for short-term competitiveness and financial gain.

Consequently, the Board shall:

a) ensure that the Group has clear corporate values which are stated and enacted;

b) ensure that the Group is governed in a way that is efficient, responsible, accountable, transparent and with probity;

c) ensure that management develops corporate citizenship policies for use by the Group;

d) promulgate policies defining the governance of relationships with the Stakeholders and ensure they are published;

e) ensure that the rights of Shareholders and specifically their right to expect a good return on investment and growth in the medium to long term are recognised;

f) ensure that the Group is committed to investing for the long-term and as such, developing long-term relationships;

g) recognise and differentiate accountability linkages to Shareholders and responsibility linkages to other Stakeholders; and

h) ensure that the Group is open in structure, process and disclosure and that it has open communication and engagement with its Stakeholders.

2 Values and Ethics

The Board shall:

a) have zero tolerance for money laundering, fraud, bribery and corruption and related malpractices;

b) put in place and rigorously and persistently enforce codes of conduct;

c) recognise and promote respect for human rights in all the Group’s operations;

d) respect and be sensitive to employees, treat them fairly and enable them to develop their full potential;

e) practice and encourage environmental responsibility;

f) work to build capacity in all dealings with host, local, and national communities and respect the moral and cultural norms and values of others; and

g) constantly engage with Stakeholders and others in order to improve practices.

The Board shall:

a) establish the values of the Group in support of its vision and mission;
b) establish principles and standards of ethical business practice in support of the Group’s Core Values
   and ensure the communication of established principles and standards to all Stakeholders in codified
   form; and

c) assume responsibility and accountability to the Group’s Stakeholders for compliance with such
   principles and standards.

The Board has developed and put in place this Code outlining the values, ethics and beliefs that guide the policy and
behaviour of the Group and its subsidiaries and define the ethical standards applicable to it and to all who deal with
it.

3 Recognition and consideration of all Stakeholders

The Group and its subsidiaries are committed to building mutually beneficial relationships with all their Stakeholders
and to ensuring that a balance is maintained between the individual interests of theirs Stakeholders and those of
the Group and its subsidiaries.

In particular, the Board shall:

a) promote fair, just and equitable employment policies;

b) promote, and be sensitive to the preservation and protection of the natural environment;

c) be sensitive to and conscious of gender interests and concerns;

d) promote and protect the rights of children and other vulnerable groups; and

e) enhance and promote the rights and participation of host communities.

4 Strategic Direction, Control and Organisational Structure

The Board recognises that the Group’s primary purpose is to create wealth in accordance with its stated purpose
within its strategic framework. Hence, the Board shall determine the strategic objectives of the Group in line with
its vision and mission and establish organisational structures and procedures to achieve these objectives. It shall
regularly review the strategy to ensure its relevance as well as monitor its implementation in order to ensure
effective control over the Group.

5 Knowledge Management, Creativity and Innovation

The Board recognises that knowledge is the basis of competitive advantage of corporations and the new source of
wealth. It therefore undertakes to create an environment conducive to the acquisition and application of knowledge,
creativity and innovation.

6 Risk Management

Enterprise is the undertaking of risk for reward. The Board in recognition of this shall ensure the systematic
identification and evaluation of actual and potential risk areas as they pertain to the Group as a total entity and the
effective management of risk through calculated termination, transfer, acceptance or mitigation.

The Board shall determine the Group’s appetite for risk in accordance with the Group’s risk management policies to
provide reasonable assurance regarding the achievement of organisational objectives with respect to:

a) the effectiveness and efficiency of operations;

b) safeguarding of the Group’s assets (including information);

c) compliance with applicable laws, regulations and supervisory requirements;

d) reliability of reporting; and
e) corporate social responsibility.
E. CORPORATE REPORTING AND ACCOUNTABILITY

1. Integrated Reporting

The Group recognises the need for regular, continuous accounting to Shareholders and other Stakeholders. It further recognises that effective corporate reporting requires an integrated approach including both financial and non-financial reporting. Integrated reporting is a process that brings together the material information about the Group’s strategy, governance, performance and prospects in a way that reflects its commercial, social and environmental context within which it operates. The Board shall therefore ensure that in reporting, it prepares reports including, but not limited to the following:

   a) corporate performance both financial and non-financial for the period under review and for future prospects;
   b) governance principles and adherence to the same;
   c) board composition, mix, competencies, and balance of powers as well as roles and responsibilities of Directors;
   d) other issues relevant to Directors such as access to information, training and development, compensation, disclosure and related party transactions;
   e) regularity and effectiveness of meetings;
   f) reports on the Board committees;
   g) human capital acquisition, retention, development, deployment and succession planning;
   h) development of knowledge management infrastructure and information sharing;
   i) safety, health and environmental issues;
   j) corporate social responsibility;
   k) compliance with the law; and
   l) solvency.

2. Maintenance of Proper Books of Accounts

2.1 Directors recognise that it is their duty to keep or cause to be kept proper and accurate books of accounts in respect of all sums of money received and expended by the Group, and, the matters in respect of which receipt or expenditure takes place including all sales and purchases by the Group, and, of all the assets and liabilities of the Group as necessary to give, with reasonable accuracy at any time, the financial position of the Group at that time; and to lay before the Group’s Annual General Meeting, a profit and loss account and a balance sheet reflecting a true and fair view of the profit or loss by the Group, and of the state of affairs of the Group, reflecting income and expenses grouped by nature, quantifying the principal types of income and expenses.

2.2 The Board shall ensure:

   a) that systems of management and internal control over the Group, including procedures designed to minimise the risk and frauds are adequate;
   b) the integrity and adequacy of the accounting and financial systems;
   c) that qualified, competent, fit and proper persons are employed to undertake accounting and financial responsibilities;
   d) that the Group complies with International Accounting Standards; and
e) that any reporting by the Group is in the manner prescribed by the Group and the CBK.

3 **Continued Access to the Group's Financial Statements and Other Disclosures**

To ensure continuous access by the public to the Group’s financial statements and other disclosures, the Group shall include a note in its quarterly publications in the newspapers stating that its financial statements and other disclosures are available on its website, together with the address of the website. The Group shall also disclose the physical address of its head office where the financial statements and other disclosures can be accessed.

4 **Transparency**

4.1 The Group shall ensure that it facilitates public disclosure of reliable and timely information to enable users of that information to make an accurate assessment of the Group’s financial condition and performance, business activities and risk profile. However, disclosure alone does not necessarily result in transparency. To achieve transparency, the Group must provide timely, accurate, relevant and sufficient disclosures of qualitative and quantitative information that enables users to make a proper assessment of the Group’s activities and risk profile.

4.2 At a minimum, the following broad categories of information shall be disclosed in clear terms and appropriate detail to help achieve a satisfactory level of transparency in relation to the Group. These are:

   a) financial performance;
   b) financial position (including capital, solvency and liquidity);
   c) risk management strategies and practices;
   d) risk exposures (including credit risk, market risk, liquidity risk, and operational, legal and other risks);
   e) aggregate exposure to related parties and transactions with related parties;
   f) all material entities in the Group;
   g) accounting policies; and
   h) basic business, management and corporate governance information.

4.3 The scope and content of information provided and the level of disaggregation and detail shall be commensurate with the size and nature of the Group’s operations.

4.4 The Group shall provide consolidated reporting where required.

5 **Appointment, Scope and Duties of External Auditors**

The Board shall ensure that persons recommended for appointment and those appointed as external auditors are qualified, reliable and independent of the Board and of management.

The Board shall endeavour to extend the definition and scope of audit to provide an independent opinion to those with interest in the Group, that they have received from those responsible for the direction and management of the Group an adequate account of:

   a) the proper conduct of the Group’s affairs;
   b) the Group’s financial performance and position; and
   c) future risks.

The Board shall endeavour to facilitate an extension of external auditor’s duties in regard to:

   a) reporting on whether the Group has financial and other risk management controls;
b) evaluating and reporting on aspects of propriety and efficiency;

c) reporting directly to the Board, regulatory authorities and shareholders as appropriate, when illegal acts are discovered and to monitor basic ethical behaviour, particularly in regard to the public interest;

d) enhancing the independence of the external auditors from the Board and Senior Management:

e) extending the liability of external auditors to Stakeholders; and

f) establishing formal and transparent arrangements for maintaining an “arm’s length” relationship with the external auditors.

6 Internal Audit

The Board shall put in place and ensure an effective internal audit system to enable a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes of the Group. The Board shall ensure that the internal audit function is independent of the activities audited and that internal auditors are objective in performing their work, notwithstanding that those performing the function may be employees of the Group.

The Board shall ensure that the internal audit team has a standing that commands respect. The Head of Internal Audit, while reporting administratively to the Chief Executive Officer, shall report “functionally” to the Board Audit Committee and shall have unfettered access to the chairperson of the Audit Committee as well as the Chairperson.

7 Audit Committee

The Board shall establish an Audit Committee responsible for providing independent oversight of the Group’s financial reporting and internal control system. The Committee shall ensure that checks and balances within the Group are in place and to recommend appropriate remedial action regularly, preferably at least once in three months.

8 Risk Management Committee

The Board shall establish a Risk Management Committee responsible for ensuring quality and integrity. The reliability of the Group’s risk management shall be delegated to the Risk Management Committee. The Committee shall assist the Board and the Group in the discharge of its duties relating to the corporate accountability and associated risks in terms of management, assurance and reporting.
6. ANNEXURES
ANNEX I: Board Charter and Guidelines

Board Charter Declaration

I………………………………………………………….by virtue of accepting an appointment as a Director of the Group, subscribe to this Board Charter, and do solemnly affirm as follows:

(1) I shall diligently and honestly administer the affairs of the said Group in the best manner possible and to the best of my ability;

(2) I do not and have not had any criminal record in the Republic of Kenya or elsewhere; and

(3) I hereby confirm that I understand the various penalties and liabilities that accrue as a result of a breach of any of the provisions of the relevant statutes and the prudential regulations and that I shall not knowingly violate or willingly permit to be violated any laws of the Republic of Kenya under which the Group has been organised and registered.

…………………………..……………...........

SIGNATURE DATE

N/B A DIRECTOR WHO NO LONGER SUBSCRIBES TO THIS BOARD CHARTER MUST DRAW THE APPROPRIATE CONCLUSION AND SUBMIT HIS/HER MANDATE TO THE BOARD OR RESIGN HIS/HER POSITION.
ANNEX II: Group Board Committees Terms of Reference

Equity Group Holdings Limited

Audit Committee Charter

1 Purpose

The Group Audit Committee is appointed by the Board and shall assist in the oversight of:

a) the integrity of the financial statements of the Group;

b) the effectiveness of accounting policies, internal controls and financial reporting function;

c) the effectiveness of the Group internal audit function;

d) the external auditors’ qualifications, independence and performance. The Audit Committee shall have a clear understanding with management and the external auditors that the auditors will ultimately be accountable to the Audit Committee as representatives of the Board and Shareholders. The Audit Committee shall be responsible for obtaining from the external auditors any reports required of them for the purpose of reviewing such reports; and

e) other matters as may be referred to it by the Board from time to time.

2 Authority

The Audit Committee will operate under delegated authority from the Board. The Audit Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. Such authority includes but is not limited to:

a) engaging independent counsel, accountants, outside advisors, consultants, or others to assist in the conduct of an investigation or as it determines appropriate to advise or assist in the performance of its functions; and

b) seeking any information it requires from employees or external parties. Employees and external parties will be directed to cooperate and comply with the Audit Committee’s requests.

The Audit Committee shall:

a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required; and

b) be provided with appropriate and timely training, both in the form of an induction programme for new members as well as relevant exposure on an ongoing basis.

3 Composition

The Audit Committee shall be as follows:

a) at least 3 independent and Non-Executive Directors with written terms of reference;

b) at least 1 member shall be a member of ICPAK or any other institute recognised by ICPAK;

c) the period of appointment shall be determined by the Board who shall have the power to remove members or add new members at any time; and

d) the Group Internal Auditor shall be the secretary to the Audit Committee.

4 Duties and Responsibilities
Financial Affairs of the Group

a) to monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group’s financial performance;

b) to review any unusual items or matters brought to its attention requiring the exercise of managerial judgement affecting the preparation of the financial statements and announcements; and

c) to provide a forum for the discussion and resolution of areas of disagreement in relation to the financial statements and announcements e.g. between management and the external auditor.

Accounting, Financial Reporting and Regulatory Compliance

a) to review the accounting policies and practices of the Group and to consider their compliance with regulatory requirements;

b) to review the controls and procedures established by management for compliance with regulatory and financial reporting requirements;

c) to review the consistency of, and approve any changes to the accounting policies both on a yearly basis and across the Group;

d) to review the methods used to account for significant or unusual transactions where different approaches are possible;

e) to consider any related party transactions that may arise within the Group or its subsidiaries;

f) to review whether the Group has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;

g) to review the clarity of disclosure in the Group’s financial reports and the context in which statements are made;

h) to review all material information presented with the financial statements, such as the business review/operating and financial review and any corporate governance statement (insofar as it relates to the audit);

i) to review internal controls, including the scope of the internal audit programme, the internal audit findings, and recommending action to be taken by Senior Management; and

j) to review internal audit reports and their overall effectiveness, the scope and depth of audit coverage, reports on internal control and any recommendations, and confirming that appropriate action has been taken.

k) to review coordination between the internal audit function and external auditors.

The members of the Audit Committee shall review the quarterly and annual financial statements of the Group from time to time with the external auditor and Senior Management as appropriate with regard to, focusing particularly on:

a) significant financial reporting issues and judgments made in connection with the preparation of the Group’s financial statements;

b) major issues regarding the Group’s accounting and auditing principles and practices, including critical accounting policies, and major changes in auditing and accounting principles and practices suggested by the external auditor, internal auditor or management;
c) the results of any audit, which should include a review of any audit problems or difficulties encountered by the external auditor in the course of the audit work, including any restrictions on the scope of activities or access to required personnel or information, and any disagreements with management; and

d) principles of accounting proposed or promulgated by regulatory accounting authorities.

e) significant adjustments arising from the audit;

f) the going concern assumption; and

g) compliance with International Accounting Standards and other legal requirements.

Independent Auditor

The Board shall establish a formal and transparent arrangement for Shareholders to effect the appointment of independent auditors at each Annual General Meeting and shall recommend to its Shareholders in an Annual General Meeting the rotation of auditors in order to improve their independence, objectivity and professional critique. The Board shall rotate independent auditors every 6 to 9 years, or as may be required by the relevant laws. The Board should also establish a formal and transparent arrangement for maintaining a professional interaction with the Group’s auditors. The auditor shall be a member of ICPAK and shall comply with international auditing standards.

External Auditor

In relation to the external auditor, the Audit Committee shall:

a) retain, subject to the approval of the shareholders, re-evaluate, and, if appropriate, recommend termination of the Group’s external auditor. The Audit Committee shall be directly responsible in its capacity as a committee of the Board, for the recommendation of appointment, compensation, oversight, and evaluation of performance of the work of the external auditor. The Audit Committee shall approve in advance all audit engagement fees and the terms of all audit services to be provided by the external auditor;

b) obtain and review a report from the external auditor describing any relationships between the external auditor and the Group and any other relationship that may adversely impact on the auditor’s independence, including whether the provision of non-audit services by the auditor, such as consultancy services, is compatible with the auditor’s independence;

c) review a report by the external auditor’s proposed audit scope and approach, including coordination of audit effort with the internal audit, to ensure the completeness of coverage and reduction of redundant efforts;

d) obtain and review a report by the external auditor describing its own internal quality control procedures, any material issues raised by its most recent quality control review or peer review and any inquiry or investigation undertaken by governmental or professional authorities with respect to any audits it has carried out during the previous 5 years, together with any steps taken to deal with any issues that arose from such audits;

e) resolve any disagreements between management and the external auditors regarding financial reporting;

f) monitor the auditor’s compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements;

g) meet the external auditor at least once every year without management being present to discuss the auditor’s remit and any issues arising from the audit; and
h) review the findings of the audit with the external auditor. This shall include but not be limited to the following:

i. a discussion of any major issues which arose during the audit;

ii. any accounting and audit judgments;

iii. levels of errors identified during the audit; and

iv. the effectiveness of the audit.

Internal Audit

The Audit Committee shall also establish a permanent internal audit function and ensure that it has the necessary authority, budget, capacity, staffing and organisational structure to carry out its work. The internal audit function should be independent of the activities audited and should be performed with impartiality, proficiency and due care. The Audit Committee shall endorse the hiring or termination of the services of the head of Internal Audit.

The head of internal audit shall have relevant qualifications and be responsible for providing assurance to the Board that internal controls are operating effectively.

The Audit Committee should determine the remit of the internal audit function and in particular:

a) review and approve the charter, scope, functions and resources, responsibilities, plans, budget, staffing, organisational structure of the internal audit function, and ensure that it has the necessary authority to carry out its work;

b) review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;

c) review any appraisal or assessment of the performance of members of the internal audit function;

d) review and monitor management’s responsiveness to the findings and recommendations of the internal auditor;

e) endorse the hiring or termination of services of the Group internal auditor;

f) ensure that the internal audit function is independent of the activities of the Group and is performed impartially, proficiently and with due professional care;

g) determine the effectiveness of the internal audit function; and

h) be informed of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit reasons for resigning.

Internal Controls

The Audit Committee shall:

a) review the arrangements of the Group’s systems of internal controls in relation to financial management, compliance with laws and regulations and safeguarding of assets and the procedures for monitoring the effectiveness of such controls;

b) monitor any significant deficiencies and material weaknesses in internal controls and disclosure controls and procedures, as reported by the Group internal and external auditors, and the implementation by management of appropriate remedial action; and
c) review arrangements for the receipt, retention and treatment of complaints including those regarding accounting, internal accounting controls or auditing matters. To review procedures by which employees may, in confidence and with anonymity, raise concerns including those of questionable financial reporting, accounting or auditing matters.

5 Experience

Members of the Audit Committee shall, at a minimum, have a broad business knowledge relevant to the Group’s business, be aware of the interests of the Shareholders and have familiarity with basic accounting principles and have an objective approach and no conflict of interest in carrying out their mandate.

At least one member of the Audit Committee shall have accounting expertise or experience in the field of finance and be a member of the ICPAK or an equivalent institute recognised by the East Africa Community member states, or an equivalent international institute recognised by ICPAK.

6 Chairperson

The chairperson of the Audit Committee shall be an Independent Non-Executive Director. The Chairperson cannot be the chairperson of the Audit Committee nor a member of the Audit Committee.

7 Quorum and Voting Rights

The quorum required for meetings shall be 2 members. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

If a matter that is considered by the Audit Committee is one where a member of the Audit Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

Save where the chairperson has a personal interest, the chairperson will have a casting vote.

8 Meetings

The Audit Committee shall meet on a quarterly basis and otherwise as the members of the Committee may deem appropriate.

In absence of the chairperson during any Audit Committee meeting, any other Independent Committee member shall chair the meeting. The Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

The Committee shall communicate committee expectations and the nature, timing and the extent of committee information needs to management and the internal and external auditors. Written material, including audited and financial reports from management, auditors and others shall be submitted to the Audit Committee as required on a timely basis but preferably one week in advance of meeting dates.

The finance director, head of Internal Audit and a representative of the external auditors shall normally attend meetings of the Audit Committee. The Audit Committee may invite members of management to attend the meetings from time to time as it may consider desirable to assist in the attainment of its objective.

The Group’s external auditors may be required to attend Audit Committee meetings without the presence of any of the Executive Directors of the Group, with a view to consulting the Committee.

At a minimum, the chairperson of the Audit Committee or another committee member should attend the Board meeting at which financial statements are approved by the Board.

The Audit Committee may also invite specialists to attend for specific items or to make presentations as it deems necessary.
9 Reporting

The Audit Committee shall report quarterly to the Board of all actions taken, issues discussed and recommendations made during its meetings. The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

In addition, the Audit Committee shall annually review its performance and individual members’ performance and report its findings to the Board.

The Audit Committee shall also annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board.
Equity Group Holdings Limited

Governance, Nominations and Compensation Committee Charter

1 Scope of authority

The Board Governance, Nominations and Compensation Committee is a committee of the Board, from which it derives its authority and to which it regularly reports.

The purpose of the Board Governance, Nominations and Compensation Committee is to recommend to the Board the remuneration packages offered to its Executive Directors, including bonuses, deferred awards and long-term incentive awards, pension rights and any compensation arrangements, taking account of the Group’s compensation and risk framework and appraisal structures. The Committee shall also recommend general staff remuneration and human resource related practices. The Committee shall oversee the Group’s corporate governance initiatives and policies.

2 Responsibilities and Duties

The responsibilities of the Governance, Nominations and Compensation Committee shall include:

a) overseeing an organisation culture that values people and supports business by proactively reviewing and approving management proposals on human resource best practices;

b) optimising staff capacity in the Group by ensuring that overall employment policy supports the business strategic business plan;

c) reviewing and approving corporate organisation development programmes aimed at enhancing the learning culture of the organisations;

d) reviewing and approving management recommendations on human resources annual budgets;

e) ensuring that staff terms and conditions of service in the Group match with the industry standards, thereby motivating and retaining competent and qualified staff;

f) providing constant industry benchmarks that places staff guidelines within the market demands;

g) regularly reviewing of its required mix of skills and experience and other qualities in order to assess the effectiveness of the Board;

h) reviewing the evaluation procedures and results of the Board and the Board committee’s annual evaluations;

i) identifying a plan and implementing it for any Director that requires further skills or training;

j) ensuring that the Chief Executive Officer submits a report, including the peer and self-evaluations to the CBK annually on the Board and Directors’ evaluations and effectiveness no later than the deadline specified by the Prudential Guidelines; and

k) periodically reviewing the completeness and effectiveness of all corporate governance policies and initiatives including the Code.
3 Membership

There shall be at least 3 members of the Board Governance, Nominations and Compensation Committee, the majority of whom shall be Independent Non-Executive Directors with substantial knowledge about compensation arrangements and an understanding of the Group’s risk measurement and management of how different compensation practices can impact the Group’s risk profile. The Committee can seek assistance from an independent advisor.

4 Chairperson

The chairperson of the Board Governance, Nominations and Compensation Committee shall be an Independent Non-Executive Director.

5 Quorum

The quorum shall be 2 Independent Non-Executive Directors.

6 Meetings

The Board Governance, Nominations and Compensation Committee meetings shall be held 4 times per year. The Board reserves the right to change the frequency of meetings to suit business needs.

7 Reporting

The Governance, Nominations and Compensation Committee shall prepare and submit periodic reports of its work, findings and recommendations to the Board. The Governance, Nominations and Compensation Committee shall also inform the Board promptly of any key issues or concerns that require urgent attention.

The findings of the evaluations shall be submitted to the CBK within the time specified by the Prudential Guidelines.

In addition, the Governance, Nominations and Compensation Committee shall annually review and assess the adequacy of these terms of reference and recommend any proposed changes to the Board.
Equity Group Holdings Limited

Strategy and Investments Committee Charter

1 Scope of authority

The Strategy and Investments Committee is a committee of the Board of the Group, from which it derives its authority and to which it regularly reports.

The Strategy and Investments Committee considers the various strategic options available to the Group and makes recommendations to the Board regarding the development of the Group’s long-term strategic plans.

The Strategy and Investments Committee, in conjunction with the Group’s Senior Management will be responsible for:

a) regularly reviewing, discussing and suggesting revisions to the Group’s vision and mission;

b) establishing procedural guidelines with the Senior Management for the development of the Group’s corporate and investments strategy and its implementation and clearly identifying the goals and expectations for the Group’s strategic planning process;

c) requiring Senior Management to propose a clearly articulated and well-supported corporate and investments strategy for the Group to the Directors and assist them in the preparation of such strategy, ensuring the inclusion of an appropriate level of information for the Directors in the strategy documents to enable them to make an informed decision on matters relating to corporate and investment strategy;

d) ensuring that Senior Management has business plans and financial, operational and human resource requirements necessary to implement its corporate and investments strategy;

e) providing ongoing critical evaluation of, and accountability for performance within, the corporate and investments strategy, financial limits and operating objectives approved by the Board;

f) ensuring that the Directors continue to have requisite knowledge of the Group’s business and the banking sector in order to be able to critically evaluate corporate and investments strategies proposed by Senior Management;

g) understanding, identifying and discussing key issues, assumptions, risks and opportunities that impinge upon the development and implementation of appropriate corporate and investments strategies;

h) ensuring Group-wide risk and discussion and management are key components of the strategic planning process, including consideration of risk and opportunities relating to the economy, the environment, ethics, finance, leadership, operations, politics, reputation, strategy, competition, technology and other types;

i) participating in and leading an annual strategic planning retreat for the Board and Senior Management; and

j) performing other functions within the scope of the foregoing which the committee and the Board deems appropriate from time to time.
2 Membership

The Strategy and Investments Committee shall comprise of at least 3 members who shall include the Chief Executive Officer and an Executive Director, and at least 1 Independent Non-Executive Director.

3 Chairperson

The Strategy and Investments Committee shall be chaired by the Chief Executive Officer.

4 Quorum

The quorum shall be two members.

5 Meetings

The Strategy and Investments Committee meetings shall be held at least four times a year. The Board reserves the right to change the frequency of meetings to suit business needs.

6 Secretary

The Company Secretary shall act as the secretary to the Strategy and Investments Committee and keep minutes of all meetings of the committee

7 Reporting

The Strategy and Investments Committee shall prepare and submit periodic reports of the Strategy and Investments Committee’s work, findings and recommendations to the Board. The Strategy and Investments Committee shall also inform the Board promptly of any key issues or concerns that require urgent attention.

In addition, the Strategy and Investments Committee shall annually review and assess the adequacy of these terms of reference and recommend any proposed changes to the Board.
ANNEX III: Board Meetings - Management and Procedures

Good Board meeting management procedure should ensure the following:

1 Standing Orders and Regulations on Conduct of Board and Committee Meetings

It is expected that in addition to the Memorandum and Articles of Association, the Group shall develop standing orders or regulations to regulate the conduct of Board and committee meetings.

These shall cover, *inter alia*, the following:

1.1 Chairperson of meetings: Role, Function and Powers

The chairperson of a meeting shall have the following role, function and powers:

a) nomination of persons to preside if the chairperson or the vice-chairperson of the committee are not present;

b) acknowledgment of apologies, if any;

c) any business required by law to be done before any other business;

d) reading and confirmation of minutes of last meeting;

e) consideration of any matters expressly required by law to be done;

f) receiving communications, if any, from the Chairperson;

g) questions and any matters arising or deferred from previous minutes;

h) receiving and considering reports on minutes of Board committees;

i) receiving and considering reports from the Chief Executive Officer;

j) considering and authorising the sealing of documents where the authority of the Board is required;

k) considering any matters with financial implications and which require the express approval of the Board;

l) considering any motions placed before the Board in the order in which they are received;

m) any other business deemed relevant and appropriate to be considered at the meeting;

n) procedure on notice of motions and motions, which can be considered without notice;

o) procedure for confirmation of minutes, motion on and discussion of minutes;

p) rules of debate;

q) voting procedures;

r) power to resolve into committees of the Board;

s) confidential matters, declaration of interest and consequences thereof;

t) appointment of committees, ‘powers and proceedings of committees;

u) quorum of Board and Board committees and consequences of lack of quorum;

v) discussion of issues that affect individuals, rules of natural justice and personal accusations; and
w) notice of meetings, agenda papers and information to the Board and the Shareholders, etc.

2 Board Agendas

The preparation of the agenda for Board meetings is generally the responsibility of the Chairperson who shall consult the Board, the Chief Executive Officer and the Company Secretary. It is however the duty of the Company Secretary to ensure that notice of the meeting, the agenda and adequate information on all relevant issues is provided to all Board members prior to the meeting.

3 Calendar of Board and Board Committee Meetings

It is expected that the Board and management would agree in advance and formulate a calendar of meetings highlighting critical issues that require the attention of the Board, the various committees, and others, taking into account the planning and budget cycle; the timing of Annual General Meetings, statutory returns, etc. as appropriate.

For example, a Board Calendar might include:

a) statements to the effect of:

“The Board of Directors shall meet quarterly in February, April, July and October. Meetings can be convened at any time as circumstances demand.”;

and/or

b) a detailed programme indicating key aspects to be considered by the Board and Board Committees.

4 Board Manual

It is expected that the Group will have a detailed Board Manual, which inducts and explains to each Director his collective and individual duties, obligations and responsibilities as a Director. The Manual would include, inter alia, the following:

a) contact details of all key institution personnel - Directors and Senior Management;

b) copies of the Group's Memorandum and Articles of Association;

c) mission and vision statements of the Group;

d) the relevant Acts of Parliament;

e) organisational chart;

f) role, responsibilities, duties and obligations of the Directors;

g) role and responsibilities of the Chairperson and the Chief Executive Officer;

h) procedures for appointment of Directors;

i) Board Performance evaluation, procedures and conditions for re-appointment;

j) Board Committees and their terms of reference;

k) standing orders and regulations on Board and Committee meeting management;

l) copies of major policies of the Group, e.g: (personnel policy manual, financial and accounting policies or ethics and values of the Group);

m) latest audited accounts;

n) strategy documents and budgets; and
o) calendar of Board meetings.

In addition, and in particular, the Board Manual shall highlight in detail the statutory and implied duties of individual Directors as its fiduciary agents and trustees, drawing particular attention to:

a) duty of care and skill;
b) duty to attend Board meetings and devote sufficient time and attention to affairs of the Group;
c) duty not to exceed powers;
d) duty to act in good faith, honestly and reasonably in the best interest of the Group, having regard to the best interests of Shareholders and their responsibility to its wider Stakeholders and customers;
e) duty of confidentiality;
f) duty as agents not to make secret profits, misapply the Group’s assets and not to compete with the Group; and
g) duty to avoid commission of negligent acts.

In addition the Board Manual shall indicate the liability of Directors in respect of:

a) ultra-vires acts of the Group;
b) business conducted with intent to defraud creditors; and
c) failure to govern and direct the affairs of the Group in compliance with the law.

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ANNEX IV: Board and Committee Meetings - Video & Telephone Conferencing Guidelines

The Board discourages attendance at Board and committee meetings by video or telephone conferencing, however, where a Director or authorised participant is unable to attend a Board or committee meeting in person; he/she may with approval of the Chairperson attend by video or telephone conferencing in accordance with the rules set out below.
1 Guidelines for Board and committee meetings held by Video or Telephone Conference

1.1 Up to 25% of the Board or committee meetings to be held in a calendar year may allow participation by Video or Telephone Conference.

1.2 Before contemplating permitting attendance at a Board or committee meeting through Video or Telephone Conference, the Company Secretary or the secretary of the committee shall take due and reasonable care:
   a) to ensure that there is an effective audio or audio-visual connection;
   b) to ensure availability of proper Video or Telephone Conferencing or other audio visual equipment or facilities for providing transmission of the communications for effective participation of the Directors and other authorised participants at the Board meeting or committee meeting;
   c) to record proceedings and prepare the minutes of the Board meeting;
   d) to store and mark the tape recordings and/or other electronic recording mechanisms for safekeeping as part of the Group’s records;
   e) to ensure that no person other than the concerned Director or authorised participant are attending the Board or committee meeting or have access to the proceedings of the Board or committee meeting through the Video or Telephone Conferencing mode or other audio visual means; and
   f) to ensure that participants attending the meeting through audio or audio visual means are able to hear and/or see the other participants clearly during the course of the meeting.

1.3 In preparation of the Board or committee meeting, the Company Secretary or secretary of the committee shall also send out the notice of the Board or committee meeting to all the participants in accordance with the Articles of Association.

1.4 Notice of the Board or committee meeting shall:
   a) inform the Directors or authorised participants of the options available to them to participate through Video or Telephone Conferencing mode or other audio visual means (as the case may be), and shall provide all the necessary information to enable the Directors or authorised participants to participate through Video or Telephone Conferencing mode or other audio or audio visual means;
   b) contain contact number(s) of the Company Secretary or committee secretary and office staff whom the Director or authorised participant may call to notify and state whether he/she will attend the Board or committee meeting in person or by Telephone or Video Conference; and
   c) the agenda of the Board or committee meeting.

1.5 All documents to be discussed at the meeting, including attachments, shall be numbered and duly marked by the Company Secretary or committee secretary in such a way that all the participants, whether attending the meeting in person or by Video or Telephone Conference, can easily follow, refer to the documents and participate in the meeting.

1.6 The chairperson and secretary of the meeting should have a well-coordinated plan on how to conduct the meeting through Video or Telephone Conference as the case may be.

1.7 The Company Secretary or committee secretary shall keep records of details of the Director or authorised participant participating via Video or Telephone Conferencing, and on the date of the scheduled Board meeting confirm and note such details as part of the minutes of the Board meeting.

2 Specific rules for the Director or Committee member who intends to participate in the Board meeting through Video or Telephone Conferencing
2.1 No Director or committee member shall attend all Board or committee meetings in any calendar year by Video or Telephone Conference.

2.2 The Director or committee member intending to participate through Video or Telephone Conferencing or other audio or audio visual means shall give prior intimation to that effect sufficiently in advance so that Group is able to make suitable and secure arrangements.

2.3 If the Director or committee member chooses to attend the Board or committee meeting by Video or Telephone Conference, he/she shall give notice of at least 7 days prior to the date of the meeting to the secretary of the meeting. The Company Secretary will seek the Chairperson’s approval for this mode of attendance.

2.4 The Director or committee member shall also inform the Company Secretary or committee secretary of his contact number(s) and any other relevant information necessary for him/her to effectively participate in the Board or committee meeting via Video or Telephone Conference.

2.5 If the Chairperson allows it, the Company Secretary shall inform the Director or committee member concerned of the method and contact information required so that he/she can join the Board meeting.

2.6 In the absence of a confirmation from a Director or committee member that he/she will participate in the meeting by Video or Telephone Conference, it is presumed that the Director or committee member will physically attend the Board or committee meeting.

3 Rules to be observed while conducting the Proceedings of the Board or committee meeting

3.1 A roll call shall be taken at the commencement of the Board or committee meeting by the Company Secretary or by the secretary of the committee in the case of a committee meeting. Every Director/participant shall state, for the record, their full name and the location from which they are attending the Board or committee meeting.

3.2 The secretary of the meeting shall confirm that the required quorum is present throughout the Board or committee meeting.

3.3 For those Directors/participants attending the Board or committee meeting by video conference, they shall confirm that:

   a) they can clearly hear and/or see the others attendees, who can clearly hear and/or see them on the other end; and
   
   b) they received the agenda and all the materials for the meeting.

3.4 Every Director/participant shall identify himself for the record before speaking on each item of business on the agenda.

3.5 If any Director/participant fails to identify himself, the secretary of the meeting shall state the identity of the last speaker. If the Director/participant speaking is not physically present in the Board or committee meeting and the secretary is not certain of the identity of the speaker, the secretary must inquire to elicit a confirmation or correction.

3.6 If a statement of a Director/participant in the meeting is interrupted or garbled, the secretary of the meeting shall request for a repeat or reiteration by the Director/participant. If need be, the secretary shall repeat what he or she heard the Director/participant saying for confirmation or correction.

3.7 If a motion is objected to and there is a need to put it to vote, the Company Secretary or secretary of the committee shall perform a roll call. The secretary shall call out the name of each Director or participant who shall identify himself while casting his/her vote. The secretary shall then note the vote of each Director or participant.

3.8 Board or committee meetings in which there is participation by Video or Telephone Conference should not be rushed or otherwise conducted in a manner so as to leave any Director/participant dissatisfied with the way in which the meeting was conducted.

3.9 Directors/participants shall be granted reasonable opportunity to make their contributions to the discussions.
3.10 If for any failure arising from human or machine error or power outage it is not possible for the participant to participate by Video or Telephone Conference, even if the Board or committee meeting has commenced, the meeting shall be deemed not to have been held.

4. Rules to be observed after the Conclusion of the Board meeting

4.1 After completion of the Board or committee meeting, the secretary of the meeting shall prepare minutes which shall be circulated to everyone who attended the meeting.

4.2 The minutes shall also disclose the particulars of the Directors/participants who attended the meeting through Video or Telephone Conferencing or other audio visual means.

4.3 Every Director/participant who attended the meeting, whether personally or through Video or Telephone Conferencing or other audio or audio visual means, shall confirm or give his comments in writing, about the accuracy of the recording of the proceedings of that particular Board or committee meeting in the draft minutes.

4.4 The secretary of the meeting should then consider the comments received and prepare revised draft minutes which shall be presented to the Board or committee members at meeting for their approval and adoption. The draft minutes can further be amended shortly before adoption.
ANNEX V: Role of the Company Secretary

1 Appointment and Removal

The Company Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Company Secretary so appointed may be removed by them.

2 Qualification

The Company Secretary shall be a member of the ICPSK established under the Certified Public Secretaries of Kenya Act and shall assist the Board. The Company Secretary shall not be a member of the Board.

3 Vacancy of Office of the Company Secretary

Anything required or authorised to be done by the Company Secretary may, if the office is vacant or there is for any other reason no Company Secretary capable of acting, be done by any assistant or deputy secretary or, if there is no assistant or deputy secretary capable of acting, by any officer of the Group authorised generally or specially in that behalf by a resolution of the Board.

4 The role of the Company Secretary

The Company Secretary’s role is to provide dedicated support for the Board and is a point of reference and support for all Directors. The Company Secretary will consult regularly with the Directors to ensure that they receive any necessary information and will work alongside the Chairperson and Chief Executive Officer.

The Company Secretary, along with the Chairperson, will regularly review the Board and the Group’s governance processes with a view to ensuring that they are fit for purpose and recommend or develop initiatives to strengthen the governance of the Group.

5 Board Meetings

The Company Secretary shall be the de facto secretary of the Board or any Board Committee, responsible for taking minutes. The duties of the Company Secretary in relation to meetings of the Board or any Board Committee shall include:

a) facilitating the smooth operation of the Group’s formal decision-making and reporting machinery;
b) arranging the venue and additional secretarial support for meetings;
c) organising Board and Board Committee meetings;
d) formulating meeting agendas with the Chairperson and/or the Chief Executive Officer and advising management on content and organisation of memoranda or presentations for the meetings;
e) collecting, organising and distributing information, documents or other papers required for the meeting;
f) ensuring that all meetings are minuted, that the minutes of all meetings are circulated and that the minute books are properly maintained. The minutes of the meetings will be considered at the next meeting, approved and signed by the Chairperson of the meeting;
g) advising on legal and regulatory matters during meetings; and
h) ensuring that all Board Committees are properly constituted and provided with clear Terms of Reference.
6 General Meetings
The Company Secretary shall also be the de facto secretary at each general meeting. The duties of the Company Secretary in relation to general meetings shall include:

a) ensuring that general meetings are held in accordance with the requirements of the Companies Act and the Group’s Articles of Association;

b) obtaining internal and external agreement to all documentation for circulation to Shareholders;

c) preparing and issuing notices of meetings;

d) distributing proxy forms;

e) preparing Directors for any Shareholder questions and helping them create briefing materials and overseeing the preparations for security arrangements;

f) arranging the venue and additional secretarial support for meetings;

g) at meetings, ensuring that proxy forms are correctly processed and that the voting process is carried out correctly;

h) supplying a copy of the accounts to every member of the Group, every debenture holder and every person who is entitled to receive a notice of general meetings;

i) ensuring that all meetings are minuted, that the minutes are circulated and that the minute books are properly maintained. The minutes of the meetings will be considered at the next meeting, approved and signed by the Chairperson of the meeting; and

j) filing with the Registrar of Companies copies of resolutions and agreements required to be filed under the Companies Act or other law or regulation.

7 Memorandum and Articles of Association
The Company Secretary shall ensure that the Group complies with its Memorandum and Articles of Association at all times and that the drafting and incorporating amendments is carried out in accordance with the correct procedures.

8 Continuing Listing Obligations
The Company Secretary shall:

a) monitor and ensure compliance with all the regional securities exchanges requirements as well as supervising the implementation of the Group’s Insider Trading and Market Abuse policy, as appropriate;

b) manage relations with the Capital Markets regulators in Kenya and all other regional securities exchanges, through the Group’s brokers;

c) release information to the public; and

d) ensure the confidentiality of unreleased price-sensitive information and making applications for listing of additional issues of securities.

9 Statutory Registers
The Company Secretary shall maintain or cause to be maintained the following statutory registers:

a) Shareholders;
b) mortgage and charges;
c) members;
d) Directors and Company Secretary;
e) Directors’ interests in shares and debentures;
f) interests in voting shares; and
g) debenture holders, if applicable.

The Company Secretary shall ensure that the Registrar of Companies maintains the following statutory registers:

a) companies; and
b) transfers.

The Company Secretary shall maintain and update the register of conflicts of interest.

10 Statutory Returns

It shall be the Company Secretary’s duty to ensure that all filings required to be made with the Registrar of Companies are made on time and to comply with any periodic filing requirements under the Companies Act or other law or regulation.

Of particular importance in this regard are:

a) annual returns;
b) report and accounts;
c) Memorandum and Articles of Association;
d) returns of allotments;
e) notices of appointment, removal and resignation of Directors and/or the Company Secretary;
f) change of registered office; and
g) resolutions in accordance with the Companies Act.

11 Report and Accounts

The Company Secretary shall be responsible for co-ordinating the publication and distribution of the Group’s annual report and accounts as well as interim statements, in consultation with the Group’s internal and external advisers, in particular, when preparing the Directors’ report.

12 Share Registration

With respect to share registration, the Company Secretary shall maintain the Group’s Register of Shareholders, deal with transfers and other matters affecting share-holding and deal with queries and requests from Shareholders. The Company Secretary may however, with the Board’s consent, outsource this duty to a competent and qualified third party.

13 Shareholder Communications

All communication between the Group and the Shareholders shall be through the Company Secretary.

The Company Secretary shall also be in charge of:
a) arranging payment of dividends and interest;

b) issuing documentation regarding rights issues, capitalisation issues and maintaining good Shareholder relations; and

c) maintaining good relations with institutional Shareholders and their investment committees.

14 Shareholder Monitoring

The Company Secretary shall monitor share movements on the register of Shareholders to identify any apparent ‘stake-building’ in the Group’s shares including making appropriate enquiries of Shareholders as to the beneficial ownership of holdings.

15 Share and Capital Issues and Restructuring

The Company Secretary shall be involved in the devising and implementation of all changes in the structure of the Group’s share and loan capital and administering Directors’ and employees’ share participation schemes.

16 Acquisitions, Disposals and Mergers

The Company Secretary shall also participate as a key member of the Group’s team established to implement corporate acquisitions, disposals and mergers, protecting the Group’s interests by ensuring the effectiveness of all documentation, ensuring that due diligence disclosures enable proper commercial evaluation prior to completion of a transaction and ensuring that the correct authority is in place to allow timely execution of documentation.

17 Corporate Governance

It is expected that the Company Secretary shall continually review developments in corporate governance best practice and keep the Board updated and in line with the same.

18 Directors

The Company Secretary shall also be expected to implement programs aimed at:

a) making sure Directors can perform their duties effectively and that they are kept informed;

b) facilitating the proper induction of Directors into their role. The Company Secretary shall provide new Directors with an information pack with information on the Group, the duties of the new Directors and arrange visits to major operations and meetings with key executives to help Directors to familiarise themselves with the business;

c) advising and assisting the Directors with respect to their duties and responsibilities, in particular compliance with applicable law and, if applicable, stock exchange requirements;

d) identifying training requirements for inexperienced Directors and ensuring that there is an on-going programme to keep Directors well informed of developments in the Group and in respect of matters relevant to their responsibilities generally;

e) measuring the Board’s performance and evaluating Directors; and

f) ensuring that there is a succession planning for Directors.

19 The Group’s Seal

The Company Secretary shall ensure that the Group’s seal is kept in safe custody and that it is properly used.

20 Registered Office

The Company Secretary shall administer the registered office of the Group. This includes attending to the receipt, co-ordination and distribution of official correspondence received by the Group at its registered office and ensuring
the provision of facilities for the public inspection of the Group’s registers and documents.

21 **Group Identity**

As required by the Companies Act, the Company Secretary is required to ensure that all business letters, notices and other official publications of the Group bear the name of the Group and any other information as required by applicable law and that the Group’s name is displayed conspicuously outside all places of business.

22 **Subsidiary Companies**

The Company Secretary is required to ensure that the Group has in place procedures for the correct administration of its subsidiary companies and that correct information is given to the holding company.

23 **General Compliance**

The Company Secretary shall also be in charge of monitoring and putting in place procedures which allow for compliance with relevant regulatory and legal requirements. In particular under the Companies Act, legal requirements on retention of documents and ensuring that procedures are in place to allow adequate historical archives to be maintained.
ANNEX VI: Board Evaluations

1 Introduction
In terms of the design and coverage of the evaluation there are at least nine areas that are required to be addressed. As summarised below, these touch on Shareholders and other Stakeholder-interests, the Group itself, legal and ethical issues, the Chief Executive Officer, Board meetings and individual member contributions, the general direction of the Group as well as any other business considered pertinent to the Board’s ability to discharge its mandate.

2 Shareholders
How well do the Group’s objectives reflect Shareholder expectations?
Is there full and accurate reporting on the Group’s affairs to its Shareholders?
What is the state of relationship with the Shareholders?
What are the Board’s relationships with monitoring agencies?

3 The Stakeholders
Has the Board identified key Stakeholders?
Is there a policy determining how the Group will relate with its Stakeholders?
What is the state of the relationship with the key Stakeholders?

4 The Group
Is the level of strategic planning of sufficient quality and content?
How accurately is the strategic plan reflected at an operational level in the Group’s business plan?
Does the Board review the Group’s performance against the business plan?

5 Legal/Ethical Duties
Are all legal/ethical requirements met satisfactorily?
Does the Group have a Code of Conduct?
Is the Group a good employer?
Are independent ratings of the Group satisfactory?

6 The Direction of the Group
How satisfactory is the Board’s monitoring of the Group?
Are the important issues being identified?
How well are these analysed and discussed?

7 The Chief Executive Officer
How well is the Chief Executive Officer job description defined?
Is the Chief Executive Officer satisfactorily supported by counsel from the Board?
Is the Chief Executive Officer performance monitored and appraised satisfactorily?
Is the Board avoiding excessive intrusion in the Chief Executive Officer and/or management’s responsibilities?

8  **Board Meetings**

Is the information supplied to the Board appropriate and relevant?

Is preparation and planning for Board meetings satisfactory?

Is the frequency and style of meetings appropriate?

Is Board attendance and participation working well?

Is the Board and Committee structure still appropriate?

Are accurate and timely minutes made and maintained?

Is there follow up on actions necessary and/or reports to the Board on actions taken?

9  **Individual Board Member Contributions**

Is the Chairperson carrying out his role satisfactorily?

Is there recognition and use of an individual Board member’s particular skills?

Is the Board contributing contacts and generating business?

Is the Board making other special contributions to the success of the Group as a whole?

10  **Any Other Business**

Does the Board have a working knowledge of other providers or competitors in their sector?

Does the Board play a role in social accountability or the wider responsibility of the Group?
General Instructions

1. Please give adequate thought and consideration to the questionnaire. Comments are not always mandatory, but are encouraged, and should be used to explain or clarify your answers where necessary. In the final section for Recommendations, comments are mandatory.

2. The questionnaire is divided into 14 parts

3. The questionnaire will only be seen by the Facilitator, who will summarise the results without individual attribution. Questionnaires will be destroyed at the end of the exercise.

SCORING SYSTEM:
5 - Outstanding or perfectly appropriate
4 - Good and consistent
3 - Adequate or sufficient
2 - Some improvement needed
1 - Significant improvement needed
0 - Unsure

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<td>1.1</td>
<td>Is the Board the right size to deal with the scope and scale of issues that it handles?</td>
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<td>Is the proportion of Independent Non-Executive Directors to Non-Executive directors appropriate?</td>
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<td>1.3</td>
<td>Are all the Non-Executive Directors independent of the Group’s management thereby exercising their own judgement freely from any conflicts of interest?</td>
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<td>1.4</td>
<td>Are Directors fully aware of the mandate of each board committee and are you kept reasonably informed of all committee activities?</td>
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<td>2.1</td>
<td>Does the Board composition reflect the market in which the Group operates?</td>
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<td>Is the Board appropriately diverse in terms of skills, experience, age and gender?</td>
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<td>2.3</td>
<td>Does the Board have sufficient directors who actively and confidently engage management on the technical aspects of the Group’s business?</td>
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<td>2.4</td>
<td>Does the Board possess the requisite talent to deliver the long-term strategic objectives that it has set for the Group?</td>
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<td>2.5</td>
<td>Does the Board systematically plan for its own succession?</td>
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<td>3.1</td>
<td>Do board members, both individually and collectively, understand what is expected of them?</td>
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<td>3.2</td>
<td>Does the board ensure that its existing performance measures for management are linked to the organization’s strategy?</td>
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<td>3.3</td>
<td>Does the Managing Director as well as the senior management receive constructive support from the board?</td>
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<td>3.4</td>
<td>Has the Board ensured that there is an adequate policy in place for dealing with potential conflicts of interest and whistle blowers?</td>
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<td>3.5</td>
<td>Is the Board addressing and protecting the rights and enhancing the value of all Equity Group shareholders?</td>
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<td>3.6</td>
<td>Has the board put in place a rigorous process to evaluate the performance of the MD, with input from all non-executive directors?</td>
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<tr>
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<th>Key Board Functions &amp; Processes</th>
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<td>4.1</td>
<td>Is majority of the Board’s time spent on issues relating to the strategic direction of the Group and not on day-to-day management issues?</td>
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<td>4.2</td>
<td>Does the Board devote significant time to determining emerging issues that could affect the Group in future?</td>
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<td>4.3</td>
<td>Does the Board have clear contingency plans that take effect in the event of major crises?</td>
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<td>4.4</td>
<td>Are you satisfied that the Board takes independent legal, accounting or other professional advice when it is necessary to do so?</td>
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<td>4.5</td>
<td>Is the Board ensuring that the Annual General Meeting and Annual Report are effective and of a high standard?</td>
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<td>Does the Board communicate effectively with management, employees and external stakeholders?</td>
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<td>4.7</td>
<td>Is the Board getting periodic reports from management regarding the effectiveness of internal controls for the Group?</td>
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<td>4.8</td>
<td>Does the Board ensure that the MD undertakes professional development opportunities for himself?</td>
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<td>4.9</td>
<td>Is the Board appropriately engaged in MD and senior management succession planning?</td>
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<td>4.10</td>
<td>Is the Board managing a productive and harmonious relationship with the Group's Managing Director?</td>
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<tr>
<td>4.11</td>
<td>Is the board satisfied that the organization’s performance and management remuneration are adequately benchmarked against an appropriate peer Group?</td>
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**Comments:**
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<td>5.1</td>
<td>Does the Board have a process to ensure that it is kept informed on all material matters that might occur between board meetings such as emerging risks and material regulatory changes?</td>
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<td>5.2</td>
<td>Do the Board packs have the right quality and depth that permit Directors to make appropriate decisions?</td>
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<td>5.3</td>
<td>Are Board packs received at least a week before Board meetings?</td>
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<td>5.4</td>
<td>Do Board members have sufficient understanding of the intricacies of the Group’s operating environment?</td>
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<td>5.5</td>
<td>Are management presentations made to the Board clear, focused and value-adding?</td>
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<td>Does the organization’s culture encourage board members to discuss agenda and other issues with senior management?</td>
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5 - Outstanding or perfectly appropriate  
4 - Good and consistent  
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2 - Some improvement needed  
1 - Significant improvement needed  
0 - Unsure

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<td>Do the Board meeting elements including frequency, duration, venue and format enhance its effectiveness?</td>
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<td>Is the Board’s agenda up to date and regularly reviewed?</td>
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<td>6.3</td>
<td>Is the Board’s workload dealt with effectively with sufficient time for discussion of substantive matters?</td>
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<td>6.4</td>
<td>Are Board meetings conducted in a manner and atmosphere that optimises openness, active participation and critical questioning?</td>
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<td>Is the degree of ‘closure’ achieved at Board meetings appropriate?</td>
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<td>6.6</td>
<td>Does the relationship between the Board and senior management strike the right balance between challenge and mutuality?</td>
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<tr>
<td>7.1</td>
<td>Are relationships between Board members harmonious and conducive to effective functioning?</td>
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<td>7.2</td>
<td>Are Board members able to operate in an atmosphere of openness and trust?</td>
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<td>7.3</td>
<td>Do all Board members demonstrate the highest level of integrity including maintaining utmost confidentiality and disclosure of conflicts of interest?</td>
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<td>7.4</td>
<td>Are you satisfied that the Board’s discussions enhance the quality of management’s decision making?</td>
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<td>7.5</td>
<td>Does the Board operate as an effective team rather than a collection of individuals?</td>
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### Board Development

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<tr>
<td>8.1</td>
<td>Does the Board run a comprehensive and useful induction process for new directors?</td>
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<td>8.2</td>
<td>Are you satisfied with the timeliness and appropriateness of professional development received by the Board on current corporate governance standards?</td>
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<td>8.3</td>
<td>Are you satisfied with the level of professional development received by the Board on banking industry trends such as enterprise risk, credit risk and capital adequacy?</td>
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<tr>
<td>8.4</td>
<td>Are Board members afforded appropriate opportunities to attend formal courses, internal talks and seminars or briefings by external advisors such as auditors and lawyers?</td>
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<tr>
<td>9.1</td>
<td>Does the Board’s understanding of the Group’s purpose, vision and strategic plan reflected in the actions taken in the boardroom?</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
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<td>9.2</td>
<td>Is the Board providing sufficient accountability to shareholders and internal and external stakeholders?</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
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<td>9.3</td>
<td>Does the Board have an appropriate process for regular board, committee and individual board member evaluation?</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
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<td>9.4</td>
<td>Are you satisfied that all actions arising from the Board’s own performance evaluations are followed up?</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
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<td>9.5</td>
<td>Does the board performance assessment process enhance the board’s effectiveness?</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
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<td>9.6</td>
<td>Is the Board’s performance at a level commensurate with the best companies in East Africa and beyond?</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
<td>![Score Indicator]</td>
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Comments:

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Comments:
INSTRUCTIONS:

Only fill out the questionnaire for the Committees in which you serve as a member.

Please use the following scale for scoring:

5 - Outstanding or perfectly appropriate
4 - Good and consistent
3 - Adequate or sufficient
2 - Some improvement needed
1 - Significant improvement needed
0 - Unsure
Please enter a score of 0-5 in each box.
5 - Outstanding or perfectly appropriate
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KEY:
S&I – Strategy and Investment Committee
A - Audit Committee
GNCC – Governance, Nomination & Compensation
R & A – Risk and ALCO Committee

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<th>10</th>
<th>Assessment of Board Committees</th>
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<th>A</th>
<th>GNCC</th>
<th>R &amp; A</th>
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<tr>
<td>10.1</td>
<td>Does the Committee have a clear mandate and responsibilities?</td>
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<td>10.2</td>
<td>Is there an appropriate number of Committee meetings?</td>
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<td>10.3</td>
<td>Do Committee meeting agendas promote thoughtful, in-depth discussion?</td>
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<td>10.4</td>
<td>Are the Committee meetings long enough to permit proper assessment of agenda items?</td>
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<td>10.5</td>
<td>Does the Committee fulfil all the key requirements of its charter?</td>
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<td>10.6</td>
<td>Do the Committee’s members have sufficient technical expertise to fulfil its remit?</td>
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<td>10.7</td>
<td>Does the Committee provide effective reports to the full Board?</td>
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<td>10.8</td>
<td>Is the Committee a valued part of the Board’s supervision and guidance functions?</td>
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</table>
Comments: Please use this space to expand on any answers given in the Board Committees section (if appropriate).
INDIVIDUAL DIRECTORS, THE CHAIRMAN AND THE COMPANY SECRETARY

INSTRUCTIONS:

Please complete the questionnaire for all directors OTHER THAN YOURSELF.

Please note that the Chairman will be giving direct feedback individually to board members relating to the results of this section so your honest and fair assessment will be appreciated.
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<th>AP</th>
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<td>Is the Director attending Board and Committee meetings regularly and conscientiously?</td>
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<td>11.2</td>
<td>Is the Director participating actively and making important contributions at meetings?</td>
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<td>11.3</td>
<td>Is the Director’s judgement and insight, with regard to key issues and decisions that the Board has faced, widely respected by other members?</td>
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<td>Is the Director applying his/her experience and expertise to good effect on the Board, and enriching the level of knowledge and discourse?</td>
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<tr>
<td>11.5</td>
<td>Does the Director have a positive working relationship with other Directors and with management?</td>
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<td>11.6</td>
<td>Does the Director listen to, and carefully consider, the views of other Directors even where he/she doesn't agree with them?</td>
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<td>11.7</td>
<td>Is the Director playing an effective role in representing ALL shareholders and safeguarding their interests?</td>
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<td>11.8</td>
<td>Does the Director have a balanced and non-partisan perspective, and is he/she free of conflicts of interest?</td>
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<td>11.9</td>
<td>Does the Director ask questions and seek clarification on matters when he/she doesn't understand an issue?</td>
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<td>11.10</td>
<td>Does the Director have a good understanding of the banking industry and the trends shaping it?</td>
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<tr>
<td>11.11</td>
<td>Is the Director an appropriate role model, and does he/she play an active role as an ambassador for the Group’s values and interests in the wider world?</td>
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<td>Assessment of Individual Directors</td>
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<tr>
<td>11.5</td>
<td>Does the Director have a positive working relationship with other Directors and with management?</td>
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<tr>
<td>11.6</td>
<td>Does the Director listen to, and carefully consider, the views of other Directors even where he/she doesn’t agree with them?</td>
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<tr>
<td>11.7</td>
<td>Is the Director playing an effective role in representing ALL shareholders and safeguarding their interests?</td>
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<td>11.8</td>
<td>Does the Director have a balanced and non-partisan perspective, and is he/she free of conflicts of interest?</td>
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<tr>
<td>11.9</td>
<td>Does the Director ask questions and seek clarification on matters when he/she doesn't understand an issue?</td>
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<td>11.10</td>
<td>Does the Director have a good understanding of the banking industry and the trends shaping it?</td>
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</tbody>
</table>

**KEY:**
DA – Dennis Aluanga
ER – Evelyne Rutagwenda
DM – Deepak Malik
JM – James Mwangi
<table>
<thead>
<tr>
<th>11.11</th>
<th>Is the Director an appropriate role model, and does he/she play an active role as an ambassador for the Group’s values and interests in the wider world?</th>
</tr>
</thead>
</table>

Please enter a score in each box (except against your own name)
5 - Outstanding or perfectly appropriate
4 - Good and consistent
3 - Adequate or sufficient
2 - Some improvement needed
1 - Significant improvement needed
0 - Unsure

<table>
<thead>
<tr>
<th>12</th>
<th>Assessment of the Chairman</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.1</td>
<td>The Chairman has a positive working relationship with the Managing Director.</td>
<td></td>
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<tr>
<td>12.2</td>
<td>The Chairman is well prepared for board meetings.</td>
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<tr>
<td>12.3</td>
<td>The Chairman helps the board to stick to the agenda.</td>
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<tr>
<td>12.4</td>
<td>The Chairman ensures that every board member has an opportunity to be heard.</td>
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<tr>
<td>12.5</td>
<td>The Chairman is skilled at managing different points of view.</td>
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<tr>
<td>12.6</td>
<td>The Chairman knows how to be direct with an individual board member when their behaviour needs to change.</td>
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<tr>
<td>12.7</td>
<td>The Chairman helps the board to work together.</td>
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<tr>
<td>12.8</td>
<td>The Chairman demonstrates good listening skills.</td>
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<tr>
<td>12.9</td>
<td>The Chairman is effective in delegating responsibility amongst board members.</td>
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<tr>
<td>12.10</td>
<td>The Board supports the Chairman.</td>
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<tr>
<td>12.11</td>
<td>The Chairman enhances the public image and the institution benefits from his personal and professional contacts.</td>
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<tr>
<td></td>
<td>Assessment of the Company Secretary</td>
<td>Score</td>
</tr>
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</tr>
<tr>
<td>13.1</td>
<td>The Company Secretary ensures the smooth running of the board’s and board committees’ activities by assisting the chairmen to set agendas, draft yearly work plans as well as preparing and presenting papers to the board and board committees.</td>
<td></td>
</tr>
<tr>
<td>13.2</td>
<td>The Company Secretary adequately ensures that the board and board committee charters and terms of reference are kept up-to-date.</td>
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<tr>
<td>13.3</td>
<td>The Company Secretary has timeously and effectively raised matters that may warrant the attention of the board.</td>
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<tr>
<td>13.4</td>
<td>The Company Secretary effectively ensures proper compilation and timely circulation of board papers.</td>
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<tr>
<td>13.5</td>
<td>The Company Secretary ensures that minutes of meetings, after the approval of the chairman of the board or relevant board committee, are circulated to the directors in a timely manner.</td>
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<tr>
<td>13.6</td>
<td>The Company Secretary has successfully served as a central source of guidance and advice to the board, and within the Group, as regards the Group and its activities in order to support the decision making process.</td>
<td></td>
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<tr>
<td>13.7</td>
<td>The Company Secretary takes ownership for being the ‘gatekeeper’ of corporate governance within the Group.</td>
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<tr>
<td>13.8</td>
<td>The Company Secretary makes timely arrangements for and manages the Annual General Meeting and establishes items to be considered such as resolutions dealing with governance type matters and proxy votes.</td>
<td></td>
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<tr>
<td>13.9</td>
<td>The Company Secretary has kept under close review all legislative, regulatory and corporate governance developments that may affect the Group’s operations, and ensures that the board is fully briefed on these and that it has regard to them when taking decisions.</td>
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<tr>
<td>13.10</td>
<td>The Company Secretary has effectively assisted the board with yearly evaluation of the board, its individual directors and committees of the board.</td>
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</tr>
<tr>
<td>13.11</td>
<td>The Company Secretary has effectively assisted in the proper induction of new members into the business, orientation, on-going training and education of directors, including assessing their specific training needs.</td>
<td></td>
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</tbody>
</table>
Comments: Please use this space to expand on any answers given in the Individual Directors section (if appropriate).
RECOMMENDATIONS
Final Recommendations: Please outline specific recommendations you have highlighting what needs to Stop, Start and Continue to enhance the Board’s performance and effectiveness.

<table>
<thead>
<tr>
<th>What needs to Stop</th>
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<tbody>
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<table>
<thead>
<tr>
<th>What needs to Start</th>
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<tr>
<th>What needs to Continue</th>
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ANNEX VIII: Conflict of Interest Statement

CONFLICT OF INTEREST STATEMENT

To the best of my knowledge and belief, I have answered the following questions correctly:

YES/ NO

Do you have any official, professional, personal, or financial relationships that might cause you to limit the extent of any inquiry, to limit disclosure, or to weaken or slant audit findings in any way?

If yes, explain

Do you have any preconceived ideas toward staff, units or objectives of a particular program that could bias the audit?

If yes, explain

Did you have any previous responsibility for decision making or managing a unit that would affect current operations of the unit or program being audited?

If yes, explain

Have you previously performed any duties for Equity Group Holdings Limited involving the approval of invoices, payrolls, claims, or other proposed payments?

If yes, explain

Do you have a financial interest, direct or substantial indirect, in any related party transaction (vendor, customers, contractors, leases, or other financial transaction, etc.) with Equity Holdings Limited, any board member, member of the Executive management or any other individual or institution in a significant relationship with Equity Holdings Limited?

If yes, explain

I acknowledge receipt of a copy and affirm adherence to the Institute of Internal Auditors Code of Ethics.

NAME: ....................................................

SIGNATURE: ............................................

DATE: .....................................................
ANNEX IX: Insider Trading
Clearance Request and Declarations

CLEARANCE REQUEST FORM
Share trading by persons deemed to be Insiders at Equity Group Holdings Limited and its subsidiaries

NAME: .................................................................................................................................................................

ADDRESS: ...........................................................................................................................................................

GROUP COMPANY: ...................................................................................................................................................

POSITION: .............................................................................................................................................................

DATE OF COMMENCEMENT OF DIRECTORSHIP/EMPLOYMENT: ..................................................

PROPOSED TRADING: ..............................................................................................................................................

Number of ordinary shares or securities: ................................................................................................................

Nature of transaction: ................................................................................................................................................
  e.g. buying/selling/exercise of option

Price (including currency): ........................................................................................................................................

If the trading is to be done by someone who is connected with you (e.g. your spouse/children/trustees/a company
in which you have an interest) please give details of their connection to you:

If the trading is in respect of a related financial product please give the detailed nature of the exposure:

OTHER INFORMATION:

NB: You must disclose any additional material facts that may be required from time to time which may affect the
Group’s decision as to whether the proposed trade shall be permitted or not.
I confirm that I have read the rules set out in the Group’s Insider Trading and Market Abuse Policy and that the above information is accurate and complete. I understand that the information in this form may be referred to in the event of a suspected breach of the Insider Trading and Market Abuse Policy. I will inform the Company Secretary as soon as practicable if there is a change in any of the circumstances set out above. If I receive clearance for the trading, I will instruct brokers to effect the transaction within the time limit specified in the authorisation form and will supply a copy of the contract note to the Company Secretary as soon as practicable.

Signature: ...........................................

Date: ..................................................

ON COMPLETION, THIS FORM IS TO BE HANDED TO THE COMPANY SECRETARY.

TO BE COMPLETED BY THE GROUP

Clearance given/refused by*

(*Delete whichever is not applicable)

Position: ...........................................

Date: ..................................................

with the approval (if required) of:

Position: ...........................................

Date: ..................................................
We the undersigned confirm that we have read and understood all the provisions in this Code. We therefore affirm adherence to this Code.

<table>
<thead>
<tr>
<th>DATE</th>
<th>NAME</th>
<th>DESIGNATION</th>
<th>SIGNATURE</th>
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