

# FTG Holdings Limited Terms of Reference for Committees



## **BOARD COMMITTEES - TERMS OF REFERENCE**

Subject to local regulatory requirements, the requirements of the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (“The Code”) which became effective 15 December 2016, the Board has established the following Board Committees whose terms of reference, and their authority and duties are described below:

### **I. Audit committee**

The Audit Committee is a standing Committee of the Board and its purpose is to assist the Board in assessing the integrity of financial statements and the effectiveness of financial reporting, and to conduct risk management assessment.

### **II. Finance committee**

The Finance Committee is a standing Committee of the Board and its purpose is to assist the Board of FTG Holdings Limited in financial risk management, policy formulation, reviewing and approving major financial transactions.

### **III. Nomination & Remuneration Committee**

The Nomination & Remuneration Committee is a standing Committee of the Board and its purpose is to assist the Board of FTG Holdings Limited to propose new nominees for the board as and when required and to assess the performance and effectiveness of Directors in the Group. The Nomination and Remuneration Committee is responsible for reviewing Non-Executive Directors' remuneration and recommending the necessary changes from time to time.

# **I AUDIT COMMITTEE - TERMS OF REFERENCE**

## **I AUDIT COMMITTEE - TERMS OF REFERENCE**

These Terms of Reference (the "TOR") set forth the regulations of the Audit Committee of the board of directors (the "Board") of FTG Holdings Limited to assist the Board in fulfilling part of its oversight responsibilities, specifically as indicated below.

### **PURPOSE**

The purpose of this Committee is to assist the Board to maintain oversight of:

- (a) The integrity of the financial reporting process and the consolidated financial statements of the Company.
- (b) The performance of the Company's External Auditor including:
  - The Assessment of their qualifications and independence.
  - Deciding whether to appoint, retain or terminate the Company's independent auditors  
and
  - Pre-approving all audit, audit-related, tax and other permissible services, if any, to be provided by the independent auditor.
- (c) The Company's compliance with legal and regulatory requirement.
- (d) The performance of the Internal Audit Function, the effectiveness of control systems designed to safeguard the assets and income of the Company, and to maintain compliance with the ethical code of conduct.

The Committee also has an oversight responsibility for assessing and monitoring the Company's emerging risks and for maintaining the Company's compliance with legal, statutory and corporate policies and standards.

### **COMPOSITION**

- (a) The Board shall establish the Audit Committee of at least one independent and non-executive directors.
- (b) The Group Board shall appoint the Chairperson of this Committee. The chairperson of the committee shall be an independent and non-executive director.
- (c) The chairperson of the Board, GCEO and the Group Chief Finance Officer may attend meetings of the audit committee upon invitation by the audit committee.
- (d) At least one of the Committee members shall be a financial expert: Must hold a qualification in accounting, related financial management and be in good standing with his or her respective professional body.
- (e) All members must possess a working knowledge of basic finance and accounting practices and able to read and understand financial statements, including a balance sheet, income statement and cash flow statement.
- (f) Members may serve on no more than two separate public company audit Committees simultaneously without prior review and approval by the Board (to ensure that ability of such a member is not impaired to serve on the Audit Committee).
- (g) Each member of the Committee shall satisfy the independence and expertise requirements of the listing standards of the Code and applicable laws and regulations, and the Company's Policy Regarding Nominations of Directors.
- (h) The Committee members shall be nominated based on

- i. Broad business knowledge relevant to the company's business;
  - ii. Keen awareness of the interests of the investing public and familiarity with basic accounting principles; and
  - iii. Objectivity in carrying out their mandate without any conflict of interest.
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- (i) The Board shall appoint the Chairman and members of the Committee annually, considering the recommendation of the Nomination and Remuneration Committee, and as vacancies occur.
  - (j) The members of the Committee shall serve until their successors are appointed and qualified to serve on the Committee.
  - (k) The Board shall reserve the power at any time to change the membership of the Committee.
  - (l) The Committee may also invite such other persons in the Company to its meetings to report, answer questions or make presentations, as it deems necessary.

## **MEETINGS**

- (a) At least once a year, the Committee members shall meet with the external auditors through GCFO.
- (b) The Committee should meet regularly, with adequate notice of the issues to be discussed and should record its conclusions.
- (c) The Committee Chairman shall be responsible for leadership of the Committee, including overseeing the agenda, presiding over the meetings and reporting to the Board.
- (d) The chairperson of the Committee shall be an independent and non-executive director.
- (e) The Members of the Committee shall appoint an Acting-Chairman if the Chairman is unable to attend a Committee meeting.
- (f) Any member of the Board may attend meetings of the Committee, and the Committee may invite any officer or employee of the Company management to its meetings, and such other persons as it deems appropriate to carry out its mandate. This includes the Company's outside legal advisors, External Auditor or consultants.
- (g) The Committee members shall meet at least once each calendar year with the Company's External Auditor, and management to discuss any matters that the Audit, Risk and Compliance Committee or these persons believe should be discussed.
- (h) The Committee may hold other meetings from time to time, if deemed necessary as requested by its Chairman, the Board, and or most of the members of the Committee.
- (i) The Board shall disclose, in an informative way, details of the activities of this Committee, the number of Committee meetings held in a year and details of attendance of each Committee member at such meetings.
- (j) Meetings may be held in-person or video conferencing. Committee actions may be taken by unanimous written consent of the members.
- (k) Most of the members of the Committee shall constitute a quorum of the Committee.
- (l) The vote of most of the members of the full Committee shall be the act of the Committee.
- (m) The Committee shall fix its own rules of procedure, subject to any relevant provisions of the By-laws of the Company, or as required by law and statutory regulations, and CMA listing standards.

## **DUTIES AND RESPONSIBILITIES**

- (a) Be informed, vigilant and effective overseers of the financial reporting process and the company's internal controls.
- (b) Review and make recommendations on management programmed established to monitor compliance with the Code of Ethics and Conduct.

- (c) Consider the appointment of the external auditor, the audit fee and the questions of resignation or dismissal of the external auditor.
- (d) Discuss with the external auditor before the audit commences regarding the nature and scope of the audit and ensure co-ordination, where more than one audit firm is involved.
- (e) Review management's evaluation of factors related to the independence of the company's external auditor.
- (f) In liaison with management, assist the external auditor in preserving independence.
- (g) Review the quarterly, half-yearly and year-end financial statements of the company, focusing particularly on: any changes in accounting policies and practices; significant adjustments arising from the audit; the going concern assumption; and compliance with International Accounting Standards and other legal requirements.
- (h) Discuss problems and reservations arising from the interim and final audits and any other matter the external auditor may wish to discuss, in the absence of management where necessary.
- (i) Review any communication between external auditor(s) and management;
- (j) Consider any related party transactions that may arise within the company or group.
- (k) Consider the major findings of internal investigations and Management responses.
- (l) Have explicit authority to investigate any matter within its terms of reference. Shall be availed the resources it needs to do so and be accorded full access to information.
- (m) Obtain external professional advice and to invite outsiders with relevant experience to attend its meetings if necessary.
- (n) Consider other issues as defined by the Board including regular review of the capacity of the internal audit function.

### **The Committee and Internal Audit Functions**

The committee shall determine the responsibilities of the Internal Audit Function and:

- (a) Review of the adequacy, scope, functions and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work.
- (b) Review the internal audit program 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) Approve any appointment or termination of senior staff members of the internal audit function.
- (e) Ensure that the internal audit function is independent of the activities of the company and is performed with impartiality, proficiency and due professional care.
- (f) Determine the effectiveness of the internal audit function, and
- (g) Be informed of resignations of internal audit staff and provide the resigning staff members an opportunity to submit reasons for resigning.

### **Risk Management Responsibility**

- (a) Develop and monitor corporate guidelines and policies for risk management and monitor steps taken by management to control such risk exposures.
- (b) Review and confirm the effectiveness of the firm's internal control systems and procedures for compliance and whether management is discharging its duty of setting the appropriate



“control culture” by communicating the importance of internal control and management of risk.

- (c) Review and pre-approve for the Board any related-party transactions that may arise within the company or group.
- (d) Review and monitor the Company’s Risk Appetite and taking appropriate action to address risks outside defined tolerances.
- (e) Review the status and monitor the implementation of procedures for dealing with insurance arrangements; tax compliance and tax planning initiatives of the Company.

**Compliance and Regulatory Oversight Responsibilities:**

- (a) Establish Company’s policy procedures for handling allegations from whistle-blowers, and procedures for the prevention and detection of fraud and financial crime, and regulatory compliance.
- (b) Establish procedures for handling complaints received by the Company and from the company’s employees on questionable accounting, internal accounting controls or auditing matters.
- (c) Receive communications and presentations from management summarizing the suspicious activity reports on the Company’s subsidiaries.
- (d) Review with management, the Company’s program for compliance with laws and regulations and the record of such compliance and significant legal cases outstanding against the Company or its subsidiaries.
- (e) Consider the major findings of internal investigations and Management responses, and any regulatory authorities' reports pertaining to the Company, its subsidiaries and associated companies.

**Other Responsibilities:**

- (a) Prepare, and report to the Board the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this terms, and report conclusions and recommendations for change to the Board.
- (b) Review, at least annually, the Committee’s terms of reference and recommend any proposed changes to the Board for approval.
- (c) Perform other oversight functions, as requested by the Board.

**RESOURCES AND AUTHORITY OF THE COMMITTEE**

- (a) The Board shall determine the procedure and process within which the committee may be allowed to engage independent professional advice at the company’s expense.

- (b) All External Auditors of the Company and its subsidiaries shall report to the Audit Committee members through GCFO.
- (c) Authority to appoint, evaluate, oversee, retain, compensate, terminate and change any registered public accounting firm engaged
- (d) Authority for the resolution of disagreements between management and the Company's independent auditor regarding financial reporting.
- (e) Pre-approve all audit services, internal control-related services and permissible non-audit services to be performed for the Company by its independent auditor.
- (f) Review mechanisms for reporting on Board and management independence issues,
- (g) Review and approve any statement made by the Company to internal and external stakeholders including investors, shareholders, and relevant regulators.
- (h) With approval of the Board, the Committee may appoint, compensate and obtain advice and assistance from external legal, accounting or other advisers, and management of the Company. However, the Group Board shall determine the procedure and process within which the committee may be allowed to engage independent professional advice at the company's expense.
- (i) Establish such sub-Committees and working groups as it finds necessary to carry out its functions. The membership and TOR of any standing sub-committee thus established must be forwarded to the Board for its endorsement.
- (j) The Committee shall have such other powers and perform such other duties as the Board may formally from time to time delegate to it.

#### **ACCOUNTABILITY**

- (a) Voting shall be restricted to Committee members who are also Board Directors.
- (b) A quorum shall be of most members.
- (c) At the discretion of the Chairman, other employees of the Company that regularly attend the Committee meetings may be excluded from attending portions of meetings.
- (d) Each member of the Committee must declare any financial or other conflicts of interest in any agenda item before the commencement of discussions on agenda items.
- (e) Upon declaring any conflict of interest, the Committee member will not be eligible to vote.
- (f) The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing a summarized report at the next Board meeting. The summarized report shall include the resolutions and recommendations of the Committee for ratification and approval respectively by the Board, and an action log.
- (g) The activities, deliberations and recommendations of the Committee during the financial year shall be summarized in the Company's annual report.
- (h) The Group Board shall review the effectiveness and performance of this Committee annually.



## **RIGHTS TO INFORMATION**

- (a) To exercise the duties and responsibilities outlined above, each member of the Committee shall be entitled to rely in good faith on the accuracy and completeness of the information, reports, and statements provided to the Committee by Management and employees of the Company.
- (b) In meetings, each member of the Committee may request information as to the general course of the business as well as to business matters that relates to the Committee's terms of reference.
- (c) Outside meetings, each Board member may request information as to the general course of business and, with the prior approval of the Committee's Chairman. In the event the Committee's Chairman rejects such request for information, the Board shall definitively decide on such request at the next Board meeting.

## **SCOPE OF AUTHORITY**

- (a) The Committee shall have no authority or power to act on behalf of the Board and or on behalf of the Company, other than with respect to specific actions or specific categories of actions that have been expressly authorized by the Board herein.
- (b) Therefore, all actions, decisions, resolutions and actions agreed by the Committee should all be addressed to and voted upon by the Board, in which case such matter shall be referred to the Board for approval.

## **CONFIDENTIALITY**

- (a) Each member of the Committee shall treat all information and documentation obtained with the necessary discretion and, in the case of classified information, with the appropriate secrecy.
- (b) Confidential information shall not be disclosed to the public and outside the Committee, or otherwise or to third parties, even after resigning from the Committee, unless it has been made public by the Company or it has been established that the information is already in the public domain.

## **AMENDMENTS**

The Committee's TOR may only be amended by resolution of the Board to that effect.

## **GOVERNING LAW AND JURISDICTION**

The TOR of the Committee shall be governed by and construed in accordance with the Laws of Kenya.

## **REVIEW**

The Committee's terms of reference shall be subject to review by the Board from time to time.

## **II FINANCE COMMITTEE**

## **FINANCE COMMITTEE - TERMS OF REFERENCE**

These terms of reference (the "TOR") set forth the regulations of the Finance Committee of the board of directors (the "Board") of FTG Holdings Limited, to assist the Board in fulfilling part of its oversight responsibilities.

### **PURPOSE**

- (a) To provide oversight responsibility over certain financial affairs of the Company and its subsidiaries.
- (b) To review the financial objectives, financial policies, capital structure and financing requirements of the Company and its subsidiaries and make such reports and recommendations to the Board.
- (c) To approve certain transactions and exercise the powers and authority of the Board with respect to such matters subject to the limits delegated to it by the Board as per its terms of reference, and or by any other formal action of the Board.

### **COMPOSITION**

- (a) The Committee shall consist of no less than one director.
- (b) The Group Board shall appoint the Chairperson of this Committee.
- (c) This Committee shall be appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to this Committee.
- (d) At least one of the Committee members shall hold a professional qualification in audit or accounting and be in good standing with his or her respective professional body. Where some skills are not available, the Board may co-opt independent and external professionals to this Committee.
- (e) Majority of the members of the Committee shall satisfy the independence requirements of: the listing standards of the Code and applicable laws and regulations, and the Company's Policy Regarding Nominations of Directors.
- (f) The Board shall appoint the Chairman and the other members of the Committee annually, considering the recommendation of the Nomination and Remuneration Committee, and as vacancies occur.
- (g) The members of the Committee shall serve until their successors are appointed and qualified to serve on the Committee.
- (h) The Board shall reserve the power at any time to change the membership of the Committee.
- (i) The Committee may also invite such other persons in the Company to its meetings to report, answer questions or make presentations, as it deems necessary.

### **MEETINGS**

- (a) The Committee Chairman shall be responsible for leadership of the Committee, including overseeing the agenda, presiding over the meetings and reporting to the Board.
- (b) The Members of the Committee shall appoint an Acting-Chairman if the Chairman is unable to attend a Committee meeting.
- (c) Any member of the Board may attend meetings of the Committee, and the Committee may invite any member of Company management to its meetings, and such other persons as it deems appropriate to carry out its mandate.
- (d) The Committee shall meet at least threetimes each calendar year.
- (e) The Committee may hold other meetings from time to time, if deemed necessary as requested by its Chairman, the Board, and or a majority of the members of the Committee.

- (f) Meetings may be held in-person or via video conferencing.
- (g) Committee actions may be taken by unanimous written consent of the members.
- (h) A majority of the members of the Committee shall constitute a quorum of the Committee.
- (i) The vote of a majority of the members of the full Committee shall be the act of the Committee.

## **DUTIES AND RESPONSIBILITIES**

- (a) Oversee the Company's and its subsidiaries' overall financial policies and objectives including capital project review and approval of financing plans and transactions, investment policies and transactions.
- (b) Review management reports on matters relating to finance and assets/liabilities, including making recommendations on:
  - Annual estimates on income and expenditure.
  - Annual estimates on capital expenditure.
  - The annual budget.
- (c) Provide advice to the Board on financial policy
- (d) Monitor and critically review the operational and financial performance of the Group companies against key performance indicators, identifying shortcomings and ensuring corrective measures/actions are taken.
- (e) Approve deviations between budget and other major commitments in expenditure.
- (f) Review and make recommendations regarding the Company's dividend considerations.
- (g) Review and recommend the capital budget of the Company and its subsidiaries.
- (h) Review the Company's and its subsidiaries' capital markets and other short- and long-term financing plans and make recommendations to the Board.
- (i) Pre-approve Company's equity financing, Company's bank credit facilities and long-term debt financings.
- (j) Pre-approve the Company's and subsidiaries' bank credit facilities and long-term debt and equity issuances and all other financing matters deemed appropriate by the Board.
- (k) Oversee the Company's system of financial and non-financial controls and the measures taken by management to address failures in compliance with established risk management policies and procedures.

### Strategy Related Duties and Responsibilities:

- (a) Working with Management, oversee the development of the Company's strategy, and provide guidance forth strategic planning process to ensure that the strategic implementation plan is developed, adhered to and imbedded in the organization.
- (b) Review the Company's detailed strategic plans, including short-term priorities and recommend these to the Group Board for approval.
- (c) The review should include:
  - Ensuring that there is total buy-in from the management team and Group Board of Directors, and that there is total commitment to the agreed strategy and that this is reflected in any sectional plans.
  - Review the validity and appropriateness of the chosen strategy in the event of any internal or external changes in the marketplace, competitor activity and the business environment in general.

#### Other Responsibilities:

- (a) With approval of the Board, appoint, compensate and provide oversight of the work of legal, accounting or other advisers to support its work.
- (b) Obtain advice and assistance from internal legal, accounting or other advisers of the Company.
- (c) Prepare, and report to the Board the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter, and report conclusions and recommendations for change to the Board.
- (d) Review periodically, the Committee's charter and recommend any proposed changes to the Board for approval.
- (e) Perform other oversight functions, as requested by the Board.

#### **RESOURCES AND AUTHORITY OF THE COMMITTEE**

- (a) Authorize the use of accounting (including purchasing) systems generally.
- (b) With approval of the Board, the Committee may appoint, compensate and obtain advice and assistance from external legal, accounting or other advisers, and management of the Company. However, the Group Board shall determine the procedure and process within which the committee may be allowed to engage independent professional advice at the company's expense.
- (c) Establish such sub-Committees and working groups as it finds necessary to carry out its functions. The membership and TOR of any standing sub-committee thus established must be forwarded to the Board for its endorsement.
- (d) The Committee shall have such other powers and perform such other duties as the Board may formally from time to time delegate to it.

#### **Scope of Authority**

The Committee shall have no authority or power to act on behalf of the Board and on behalf of the Company, other than with respect to specific actions or specific categories of actions that have been expressly authorized by the Board herein.

Therefore, all actions, decisions, resolutions and actions agreed by the Committee should all be addressed to and voted upon by the Board, in which case such matter shall be referred to the Board for approval.

#### **ACCOUNTABILITY**

- (a) Voting shall be restricted to Committee members who are also Board Directors.
- (b) A quorum shall be nomination members.
- (c) The Chairman will hold a casting vote. A two thirds majority will be necessary to carry any vote.
- (d) At the discretion of the Chairman, other employees of the Company that regularly attend the Committee meetings may be excluded from attending portions of meetings.
- (e) Each member of the Committee must declare any financial or other conflicts of interest in any agenda item before the commencement of discussions on agenda items.
- (f) Upon declaring any conflict of interest, the Committee member will not be eligible to vote.
- (g) The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing a summarized report at the next Board meeting. The summarized



report shall include the resolutions and recommendations of the Committee for ratification and approval respectively by the Board, and an action log.

- (h) The Group Board shall review the effectiveness and performance of this Committee annually.

#### **RIGHTS TO INFORMATION**

- (a) To exercise the duties and responsibilities outlined above, each member of the Committee shall be entitled to rely in good faith on the accuracy and completeness of the information, reports, and statements provided to the Committee by Management and employees of the Company.
- (b) In meetings, each member of the Committee may request information as to the general course of the business as well as to business matters that relates to the Committee's terms of reference.
- (c) Outside meetings, each Board member may request information as to the general course of business and, with the prior approval of the Committee's Chairman. In the event the Committee's Chairman rejects such request for information, the Board shall definitively decide on such request at the next Board meeting.

#### **CONFIDENTIALITY**

Each member of the Committee shall treat all information and documentation obtained with the necessary discretion and, in the case of classified information, with the appropriate secrecy.

Confidential information shall not be disclosed to the public and outside the Committee, or otherwise or to third parties, even after resigning from the Committee, unless it has been made public by the Company or it has been established that the information is already in the public domain.

#### **AMENDMENTS**

The Committee's TOR may only be amended by resolution of the Board to that effect.

#### **GOVERNING LAW AND JURISDICTION**

The TOR of the Committee shall be governed by and construed in accordance with the Laws of Kenya.

Members of the hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Kenya which shall have exclusive jurisdiction to settle any dispute arising from or about these TOR (including any dispute regarding the existence, validity or termination of these Terms of Reference).

#### **REVIEW**

The Committee's TOR shall be subject to review by the Board from time to time

## **III NOMINATION AND REMUNERATION COMMITTEE - TERMS OF REFERENCE**

## **NOMINATION AND REMUNERATION COMMITTEE -TERMS OF REFERENCE**

These terms of reference (the "TOR") set forth the regulations of the Nomination and Remuneration Committee of the board of directors (the "Board") of FTG Holdings Limited (the Group), to assist the Board in fulfilling part of its oversight responsibilities, specifically to recommend to the Group Board the remuneration of the executive and non-executive directors and the structure of their compensation package.

### **PURPOSE**

The Nomination and Remuneration Committee is responsible for exercising oversight with respect for the establishment, maintenance and administration of the Company's management and employee compensation programs and employee benefit plans, and ensures the competitiveness of these programs. The Committee plays an oversight role for advising the Board on the development of and succession for key executives and management roles.

### **COMPOSITION**

- (a) This Committee shall be appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to this Committee. Where some skills are not available, the Board may co-opt independent and external professionals to this Committee.
- (b) The Committee shall be composed solely of non-management directors, each of whom shall be independent as defined in the Corporate Governance Principles of the Board.
- (c) The Committee shall consist of independent and Non-Executive directors.
- (d) The Group Board shall appoint the Chairperson of this Committee.
- (e) This Committee shall be appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to this Committee. Where some skills are not available, the Board may co-opt independent and external professionals to this Committee.
- (f) All members must possess a working knowledge of basic nomination and reward management policies and procedures. Where some skills are not available, the Board may co-opt independent and external professionals to this Committee.
- (g) Each member of the Committee shall satisfy the independence and expertise requirements of: the listing standards of the Code and applicable laws and regulations, and the Company's Policy Regarding Nominations of Directors.
- (h) The Committee members shall be nominated based on
  - (I) broad business knowledge relevant to the company's business;
  - (II) keen awareness of the interests of the shareholders with basic corporate governance principles; and
  - (III) objectivity in carrying out their mandate without any conflict of interest.
- (i) The Board shall appoint the Chairman and the other members of the Committee annually, and as vacancies occur.
- (j) The members of the Committee shall serve until their successors are appointed and qualified to serve on the Committee.
- (k) The Board shall reserve the power at any time to change the membership of the Committee.





- (l) The Committee may also invite such other persons in the Company to its meetings to report, answer questions or make presentations, as it deems necessary.

#### **DUTIES AND RESPONSIBILITIES**

- (a) Recommend to the Board the remuneration of the executive and non-executive directors and the structure of their compensation package.
- (b) Periodically review and approve a statement of the Company's compensation philosophy, principles and practices.
- (c) Approve the goals and objectives of the Company relevant to the compensation of the GCEO and Management and determine their compensation structure for the approval by the independent directors of the Board).
- (d) Evaluate the performance of key executives; review the succession plan for key executives, including the Chairman and the GCEO and make recommendations to the Board regarding key executives.
- (e) Review and recommend directors' remuneration shall be sufficient to attract and retain directors to run the company effectively and ensure that this is retroactively approved by shareholders in an Annual General Meeting.
- (f) Approve all salary, bonus, and long-term incentive awards for Management (subject to ratification by the independent directors of the Board).
- (g) Approve and administer the key executive performance plan, including establishing performance goals and certifying that performance goals have been attained.
- (h) Review and recommend any employee equity-based plans to the full Board.

#### **Other responsibilities:**

- (a) Prepare, and report to the Board the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter, and report conclusions and recommendations for change to the Board.
- (b) Review, periodically, the Committee's charter and recommend any proposed changes to the Board for approval.
- (c) Perform other oversight functions, as requested by the Board.

#### **RESOURCES AND AUTHORITY OF THE NOMINATION AND REMUNERATION COMMITTEE**

- (a) Pre-approve all salary, employee equity-based plan bonus, and long-term incentive awards for Management (subject to ratification by the independent directors of the Board).
- (b) Pre-authorize the implementation of NOMINATIONS systems generally.
- (c) With approval of the Board, the Committee may appoint, compensate and obtain advice and assistance from external legal, accounting or other advisers, and management of the Company. However, the Group Board shall determine the procedure and process within which the committee may be allowed to engage independent professional advice at the company's expense.

- (d) Establish such sub-Committees and working groups as it finds necessary to carry out its functions. The membership and TOR of any standing sub-committee thus established must be forwarded to the Board for its endorsement.
- (e) The Committee shall have such other powers and perform such other duties as the Board may formally from time to time delegate to it.

#### **ACCOUNTABILITY**

- (a) Voting shall be restricted to Committee members who are also Board Directors.
- (b) A quorum shall be two members present in person or by proxy.
- (c) The Chairman will hold a casting vote. A two thirds majority will be necessary to carry any vote.
- (d) At the discretion of the Chairman, other employees of the Company that regularly attend the Committee meetings may be excluded from attending portions of meetings.
- (e) Each member of the Committee must declare any financial or other conflicts of interest in any agenda item before the commencement of discussions on agenda items.
- (f) Upon declaring any conflict of interest, the Committee member will not be eligible to vote.
- (g) The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing a summarized report at the next Board meeting. The summarized report shall include the resolutions and recommendations of the Committee for ratification and approval respectively by the Board, and an action log.
- (h) The activities, deliberations and recommendations of the Committee during the financial year shall be summarized in the Company's annual report.
- (i) The Group Board shall review the effectiveness and performance of this Committee annually.

#### **RIGHTS TO INFORMATION**

- (a) To exercise the duties and responsibilities outlined above, each member of the Committee shall be entitled to rely in good faith on the accuracy and completeness of the information, reports, and statements provided to the Committee by Management and employees of the Company.
- (b) In meetings, each member of the Committee may request information as to the general course of the business as well as to business matters that relates to the Committee's terms of reference.
- (c) Outside meetings, each Board member may request information as to the general course of business and, with the prior approval of the Committee's Chairman. In the event the Committee's Chairman rejects such request for information, the Board shall definitively decide on such request at the next Board meeting.

#### **SCOPE OF AUTHORITY**

The Committee shall have no authority or power to act on behalf of the Board and or on behalf of the Company, other than with respect to specific actions or specific categories of actions that have been expressly authorized by the Board herein.



Therefore, all actions, decisions, resolutions and actions agreed by the Committee should all be addressed to and voted upon by the Board, in which case such matter shall be referred to the Board for approval.

### **CONFIDENTIALITY**

Each member of the Committee shall treat all information and documentation obtained with the necessary discretion and, in the case of classified information, with the appropriate secrecy.

Confidential information shall not be disclosed to the public and outside the Committee, or otherwise or to third parties, even after resigning from the Committee, unless it has been made public by the Company or it has been established that the information is already in the public domain.

### **AMENDMENTS**

The Committee's TOR may only be amended by resolution of the Board to that effect.

### **GOVERNING LAW AND JURISDICTION**

The TOR of the Committee shall be governed by and construed in accordance with the Laws of Kenya.

Members of the hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Kenya which shall have exclusive jurisdiction to settle any dispute arising from or about these TOR (including any dispute regarding the existence, validity or termination of these Terms of Reference).

### **REVIEW**

The Committee's TOR shall be subject to review by the Board from time to time.