



**EQUITY GROUP HOLDINGS PLC**

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**BOARD CHARTER**

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## A. BACKGROUND

### 1. INTRODUCTION

- 1.1 The Group Board is committed to high standards of corporate governance and ethical behaviour characterised by the following four ethical values:
  - 1.1.1 **Responsibility:** the Group Board shall assume responsibility for the assets and actions of the Group and is willing to take corrective actions to keep the Group on a strategic path that is ethical and sustainable;
  - 1.1.2 **Accountability:** the Group Board shall justify its decisions and actions to shareholders and other Stakeholders;
  - 1.1.3 **Fairness:** the Group Board shall ensure that it gives fair consideration and recognition to the legitimate interests and expectations of all stakeholders; and
  - 1.1.4 **Transparency:** the Group Board shall disclose information in a manner that enables stakeholders to make an informed analysis of the Group's performance and sustainability.
- 1.2 This Board Charter ("**Charter**") sets out the Group Board's commitment to good corporate governance and the key principles adopted by the Group Board in governing the Group.
- 1.3 In adhering to the principles set out in this Charter, Board members are expected to perform their duties with integrity, honesty, competence, diligence, courage and independence.
- 1.4 This Charter is complementary to the Group Corporate Governance Framework ("**CG Framework**") and is in accordance with the Central Bank of Kenya ("**CBK**") Prudential Guidelines as amended from time to time ("**the Guidelines**"), the Capital Markets Authority ("**CMA**") Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 ("**the Code**"); is complementary to the requirements regarding the Board and Board members contained in the Articles of Association, applicable laws and regulations and is not intended to change or interpret any laws or regulations.
- 1.5 In adopting the same, and where required therefore, Subsidiary Boards shall ensure that the same complies with applicable local laws and regulations. In the event that this Charter contradicts any laws, codes, regulations or prudential guidelines of a specific country, the said laws, codes, regulations or prudential guidelines shall take precedence, **PROVIDED** that where possible, Board members shall be called upon to ensure that the higher standard prevails.
- 1.6 The Guidelines are fully incorporated in to this Charter and shall be read with and be deemed to be part of this Charter.
- 1.7 The Charter has been put in place by the Group Board to assist Board members in fulfilling their responsibilities, as it sets out the duties, functions, powers, responsibilities, membership and operations of the Group Board as well as applicable administrative and procedural matters.
- 1.8 The Group Board shall review and assess the adequacy of this Charter and its Committees' Charters at least annually and make any necessary or desirable amendments to ensure they remain consistent with the Group Board's objectives, current laws, regulations and best practice.
- 1.9 The Charter is available to all Board members for application and will be posted on EGH's website for the information of stakeholders.

### 2. STATEMENTS OF GOOD GOVERNANCE

- 2.1 The Group Board shall exercise ethical leadership, enterprise, fairness, integrity, transparency and sagacious judgment in directing the Group and will always act in the best interest of the Group so as to achieve continuing prosperity.
- 2.2 The Board is responsible for considering the legitimate interests and expectations of its stakeholders in its deliberations, decisions and actions.
- 2.3 The Board is responsible for ensuring that senior Management actively cultivate a culture of ethical conduct and for ensuring that integrity permeates all aspects of the Group's operations.

- 2.4 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 the Group's business.
- 2.5 The Board shall ensure that the Group's ethical standards as stated in this Charter are integrated into all the Group's strategies, policies and operations.
- 2.6 Each Board member owes strict fiduciary duties to the Group and its shareholders, must always act in the best interest of the Group and promote the image of the Group.

## **B. GOVERNANCE STRUCTURE**

### **1. INTRODUCTION**

- 1.1 The governance of the Company vests in the Board.
- 1.2 The principal role of the Board is to formulate and oversee the implementation of the Company's strategic objectives, risk strategy, corporate governance and corporate values in order to achieve the Company's mission and vision. In this regard, the Board shall:
  - 1.2.1 develop and ensure implementation of policies for the purposes of delivering long-term sustainable shareholder value within a framework of effective internal controls;
  - 1.2.2 have the overall responsibility for the establishment of the Company's organizational structure to enable it and senior Management to carry out their responsibilities effectively, while at the same time promoting good governance;
  - 1.2.3** provide leadership to deliver the long-term sustainable development and growth for the Company so as to achieve its vision; ***"To be the champion of the socio-economic prosperity of the people of Africa"***;
  - 1.2.4 establish a Group governance structure that contributes to the effective oversight of Subsidiary Companies, taking into account, the nature, scale and complexity of different risks to which the Group and its Subsidiary Companies are exposed to;
  - 1.2.5 exercise adequate oversight over each of the Subsidiary Companies while respecting the independent legal and governance responsibilities of the Subsidiary Boards;
  - 1.2.6 ensure that sufficient resources are available for each Subsidiary Company to meet both the Group and local governance standards; and
  - 1.2.7 ensure that structures and policies are in place for compliance with any local governance requirements by EGH and each Subsidiary Company and shall regularly monitor such compliance.
- 1.3 The Board has set up a number of Committees to assist it in carrying out its role. The Committees operate under specified Terms of Reference (TORs) as set out in specific Committee Charters approved by the Board.
- 1.4 The Board annually reports the performance of the Company to Shareholders during the annual general meeting of the Company.
- 1.5 The Board has appointed Management to implement its decisions, set operational strategies and to carry out the day to day operations of the Company.

### **2. SIZE AND COMPOSITION OF THE BOARD**

- 2.1 Subject to the provisions of the Articles of Association, the Board shall ensure that its number is not too large to undermine an interactive discussion during Board meetings or too small to compromise the inclusion of wider expertise and skills to improve its effectiveness.
- 2.2 The Board shall be composed of both Executive and Non-Executive Directors, with the majority being Non-Executive Directors. The number of Independent Non-Executive Directors shall be at least one third of the total number of Board members.
- 2.3 The Group Chief Executive Officer ("**GCEO**") and the Group Executive Director shall be members of the Board.
- 2.4 The Board shall comprise of individuals with a balance of skills, diversity and expertise and who collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the Company, and who fairly represent the Company's stakeholders, not being biased towards representation by a substantial shareholder of the Group. In this regard, the Board has prepared a Board

Diversity Policy and Skills Matrix as set out under Appendix 2, the basis upon which Board appointments are to be made.

### **3. NOMINATION, APPOINTMENT AND RE-APPOINTMENT TO THE BOARD**

- 1.1 The Group Board shall constitute a Committee responsible for proposing new nominees for appointment to Group Boards, currently known as the Governance, Nominations and Compensation Committee (**the GNCC**).
- 1.2 The GNCC shall be guided by a formal and transparent procedure for Board appointments as set out under Appendix 3.
- 1.3 The GNCC shall, on annual basis review and ensure that Board appointments are based on the Diversity Policy and Skills Matrix.
- 1.4 Notices for annual general meetings of the Company where vacancies on the Board are declared shall contain an invitation to shareholders to nominate any Person or Persons to stand for election to the Board by the shareholders.
- 1.5 In addition to required skills, the GNCC shall ensure that nominees to the Board are persons of good repute, credibility, integrity, and who have the necessary skills and expertise to exercise independent judgement on issues that are necessary to promote the Company's objectives and performance.
- 1.6 The GNCC should ensure that nominees disclose any areas of potential conflict with the business of the Group, and on appointment, each Board Member shall declare any real or potential conflicts of interest and thereafter as required by the Conflict of Interest Policy set out under Appendix 5
- 1.7 All Board members shall have a written letter of appointment, signed by the Chairperson of the Board, setting out the terms of their appointment to the Board.
- 1.8 Each Board member shall signify acceptance of his/her appointment in writing, and commit to abide by this Charter and all relevant Policies and practices of the Board.
- 1.9 The Board shall ensure that a register of Directors' holding of shares of the Company and any Subsidiary Companies is kept and cause this to be available for inspection as required under any applicable laws and regulations.
- 1.10 The Board has power under the Articles of Association to appoint a person to fill a casual vacancy or as an additional Director subject to a proposal and vetting by the GNCC as set out above. Board members appointed by the Board in this manner may stand for election by shareholders at the next annual general meeting following their appointment.
- 1.11 Board members shall not be required to hold any shares to qualify for appointment.
- 1.12 The age limit for the Members of the Board shall be 70 (seventy) years, however, the members at the annual general meeting, may vote to retain a Board member who has attained the age of seventy or is over seventy years.
- 1.13 In line with the Articles of Association, a number of Board members shall retire every year, and where eligible, may offer themselves for re-appointment.
- 1.14 The nomination for re-appointment for a subsequent term shall not be automatic and shall be subject to an acceptable evaluation as determined during Board evaluations. Such nomination shall also be subject to a recommendation by the GNCC, due regard having been had to required skills and the Board member's general fit on the Board.

### **4. ALTERNATE DIRECTORS**

- 4.1 An Alternate Director shall be nominated in writing by the substantive Board member and shall be subjected to vetting by the GNCC, and to regulatory approvals where applicable.
- 4.2 A Board member, whether a body corporate or a natural person, shall be entitled to appoint one Alternate Director at a time.
- 4.3 An Alternate Director shall not be appointed as a member of the Committee responsible for Audit neither shall a body corporate be nominated as an Alternate Director.

- 4.4 An Alternate Director shall be entitled to receive notices of all meetings of the Board and to attend and vote as a Board member at any such meeting at which the Board member appointing him/her is not personally present; and to perform all functions of his/her appointer as a Board member in his/her absence, including that of being counted as part of a quorum at any such meeting and executing any required documents.
- 4.5 An Alternate Director shall cease to be an Alternate Director if his/her appointer ceases, for any reason, to be a Board member or in the event that his/her appointer revokes such appointment in writing.
- 4.6 An Alternate Director is entitled to be repaid expenses and to be indemnified to the same extent as if he/she were a substantive Board member. However, an Alternate Director is not entitled to receive from the Company any fees for his/her services as Alternate, except what is payable to his/her appointer as directed by such appointer in writing.

## **5. BOARD COMMITTEES**

- 5.1 The Board shall establish such Committees as it shall require to comply with applicable laws and regulations and to assist it to effectively discharge its mandate.
- 5.2 Each Committee shall have specific Terms of Reference as set out in the Committee Charter approved by the Board. The Committee Charter shall set out, as a minimum, objectives, delegated authority, operations and reporting mechanism to the Board. A Committee may only perform the tasks delegated to it by the Board and may not exceed the powers of the Board. The current Committee Terms of Reference are set out in Appendix 8.
- 5.3 The Board shall 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 may, from time to time, and upon recommendation by the Committee responsible for corporate governance, rotate Board members between Committees.
- 5.4 The Board shall appoint chairpersons to each Committee.
- 5.5 The Board shall periodically review the mandate and structure of the Committees and may establish such other ad-hoc committees as required to deal with any ad-hoc matters requiring focused attention.
- 5.6 In the event that a Committee lacks specific skills and knowledge within its membership, the Board may co-opt skilled non-Board members to serve on the Committee, provided that the Chairperson of a Committee shall not be a co-opted member, and further, that the majority of the Committee members shall be members of the Board.
- 5.7 The Chairperson of each Committee shall report at each Board meeting the activities of such Committee and shall submit its recommendations to the Board for decision-making before implementation unless expressly authorized by the Board. There shall be transparency and full disclosure from the Committees to the Board, except where the Board has mandated the Committee otherwise.
- 5.8 The Chairperson of each Committee, in consultation with Management, will develop the Committee's agenda and set its annual Work Plan.
- 5.9 Each Committee, with approval from the Board may take independent professional advice at the Company's expense.
- 5.10 Each Committee shall ensure that it does not infringe on the operational responsibility of the Management team as this could negatively impact on the operation of the Company.
- 5.11 Shareholders of EGH shall appoint the members of the Committee responsible for Audit and at least one member of such Committee shall have accounting expertise or experience in the field of finance and be a member of the Institute of Certified Public Accountants of Kenya (ICPAK) or the Institute of Internal Auditors (IIA) or an equivalent institute recognized in Kenya, or an equivalent international institute recognized by ICPAK and such member shall be in good standing.
- 5.12 Committees shall hold their meetings before Board meetings for reporting purposes.
- 5.13 The Board shall remain accountable for the acts or omissions of each Committees.
- 5.14 The Board shall annually review the effectiveness and performance of each Committee.

## **6. THE ROLE OF THE CHAIRPERSON**

- 6.1 The Chairperson of the Board shall be an Independent Non-Executive Board member. The appointment of the Chairperson shall take into consideration the provisions of applicable laws and regulations as well as the Articles of Association.
- 6.2 The Chairperson shall provide leadership to the Board and is responsible for the Board's effective functioning, instilling a positive culture in the Board and ensuring always that decisions are taken on a

sound and well informed basis.

- 6.3 The Chairperson shall not be involved in the day-to-day running of the Company so as to provide effective oversight.
- 6.4 The Chairperson shall ensure that adequate time is available for substantive discussion on strategy and performance.
- 6.5 The Chairperson, working closely with the Group Chief Executive Officer ('GCEO'), the Group Executive Director ("GED") and Company Secretary is responsible for ensuring that the Board receives accurate, timely and high-quality supporting information about the Company's performance at appropriate intervals and in an appropriate manner to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company.
- 6.6 The Chairperson should harness the collective skills of the Board for greater effectiveness and shall facilitate, encourage and expect the informed and critical contribution of Board Members in discussion and decision-making and will promote effective communication between Executive and Non-Executive Board Members.
- 6.7 The Chairperson acts as the spokesperson for the Board.
- 6.8 The Chairperson shall ensure that:
  - 6.8.1 the Board satisfies its duties and responsibilities;
  - 6.8.2 Board members when appointed participate in an induction programme and are thereafter continually developed based on identified development needs;
  - 6.8.3 the Board develops and adheres to an annual Work Plan;
  - 6.8.4 the performance of the Board, Board members, the GCEO and the Company Secretary is evaluated annually;
  - 6.8.5 the performance of the GCEO is monitored;
  - 6.8.6 there is an appropriate and clear distinction in roles between the Board and the GCEO/Management and there is effective oversight over Management;
  - 6.8.7 problems relating to the performance of individual Board members are addressed;
  - 6.8.8 there is an appropriate culture of transparency and teamwork among Board members;
  - 6.8.9 there is mutual respect among board members;
  - 6.8.10 internal disputes and conflicts of interest concerning individual Board members are addressed;
  - 6.8.11 there is an appropriate link between the Board and governmental bodies; and
  - 6.8.12 there are appropriate guidelines and procedures to guide the Board's functioning.
- 6.9 The Chairperson, working closely with the GCEO and the Executive GED will regularly review the Group's governance processes with a view to ensuring that they are fit for purpose and recommend initiatives to strengthen the governance of the Group.

## **7. THE ROLE OF THE VICE CHAIRPERSON**

- 7.1 The Board shall also elect a Vice Chairperson, who will deputise and support the Chairperson in respect of the responsibilities and authorities conferred upon him/her.
- 7.2 In the absence of the Chairperson for any reason, the Vice Chairperson shall act as a Chairperson, pending where necessary, the election of a substantive Chairperson.

## **8. THE GROUP CHIEF EXECUTIVE OFFICER**

- 8.1 The GCEO shall be wholly responsible to the Board for the day to day running of the Group.
- 8.2 The GCEO shall be responsible for implementing Company strategies and Board decisions, leading senior Management and for making and implementing operational decisions.
- 8.3 More specifically, the GCEO shall be responsible for:
  - 8.3.1 the day to day management of the Group;
  - 8.3.2 co-ordinating the operations of the various subsidiary Companies and departments within the Group, providing leadership to senior Management;
  - 8.3.3 instilling in the staff a culture of integrity, collaboration, excellence, accountability and service in relationships amongst those involved in or affected by the Group's activities;
  - 8.3.4 preparing annual budgets, annual business plans, implementing systems, including systems of risk management and Internal Controls and to identify and manage risks to the business of the Group;

- 8.3.5 maintaining a system for measuring the level of satisfaction of customers with the Group's service;
- 8.3.6 ensuring that the Group has an effective Management structure including succession plans;
- 8.3.7 implementing appropriate processes for recruitment and talent identification development, succession and retention across the Group and implementing a system of employment that is fair, safe, challenging and rewarding and building a culture of trust and team spirit;
- 8.3.8 maintaining policies and processes to ensure that all appropriate information is disclosed to shareholders and the market in a timely fashion and in compliance with all regulatory requirements;
- 8.3.9 designing and implementing the necessary management information systems to facilitate efficient and effective communication within the Group;
- 8.3.10 keeping the Board apprised on the operations of the Group covering all key parameters and results areas;
- 8.3.11 maintaining a comprehensive set of management delegations to allow Management to carry on the business of the Group;
- 8.3.12 ensuring that all Board papers are accurately written, are relevant and are given to the Board in good time; and
- 8.3.13 being responsible for stakeholder management and the enhancement of the corporate image of the Group.

## **9. THE GROUP EXECUTIVE DIRECTOR**

- 9.1 Reporting to GCEO, the GED shall be a member of the Board, assisting the GCEO in the day to day management of the Group.
- 9.2 The GED shall be responsible for the leadership and governance programmes across the Group.

## **10. THE COMPANY SECRETARY**

- 10.1 The Board shall be assisted by a suitably qualified, competent and experienced Company Secretary who shall not be a member of the Board.
- 10.2 The Company Secretary shall be appointed by the Board 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 the Board.
- 10.3 The Company Secretary shall, at all times, be of good professional standing in accordance with applicable laws, regulations and professional requirements.
- 10.4 The principal duties of a Company Secretary shall include:
  - 10.4.1 providing guidance to the Board and Board members individually on their duties, responsibilities and powers, in particular compliance with applicable laws and, if applicable, stock exchange requirements, and how these should be exercised in the best interest of the Company;
  - 10.4.2 ensuring that Board procedures are followed and reviewed regularly and that the Board complies with applicable laws, rules, regulations and Government policies;
  - 10.4.3 assisting the Chairperson and the Executive Director in organizing general meetings and Board activities, including providing information, preparing agenda, issuing notices and preparing for meetings, Board evaluations, governance audits, Board induction and development programmes, Board succession planning, regularly reviewing 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;
  - 10.4.4 providing secretarial services to the Board including ensuring that the Board Work Plan is prepared and adhered to, circulating Board papers in advance of meetings, keeping a record of attendance at meetings, keeping safe custody of the seal and a record of its usage, ensuring that the minutes of the Board and its Committees are promptly prepared and circulated, updating the Board and Committee charters, ensuring that relevant returns are promptly filed with the relevant authorities and keeping custody of the Company's seal, accounting to the Board and maintain a record of its use; and
  - 10.4.5 ensuring governance regulatory compliance including filing of any required returns, updating of statutory registers and Articles of Association as well as ensuring adherence to continuous listing requirements.

- 10.5 The Company Secretary shall facilitate effective communication between the Company and shareholders and shall co-ordinate the publication and distribution of the annual report and financial statements.
- 10.6 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.

## C. THE ROLE, RESPONSIBILITIES, POWERS AND PRACTICES OF THE BOARD

### 1. INTRODUCTION

- 1.1 In the performance of its role and responsibilities, the Board is required to act in the best interest of the Group keeping in mind its fiduciary duties.
- 1.2 Each Board member owes the following fiduciary duties:
- 1.2.1 **duty to act within his/her powers:** A Board member is required to only exercise his/her powers for the purposes for which they were conferred;
  - 1.2.2 **duty to promote the success of the Group:** a Board member is required to act in a way in which the Board member considers, is in good faith, would promote the success of the Group for the benefit of its shareholders as a whole, and in so doing the Board member is required to have due regard to:
    - (a) the long term consequences of any decision of the Board;
    - (b) the interests of the stakeholders of the Group;
    - (c) the need to foster the Group's business relationships with customers and other stakeholders;
    - (d) the impact of the operations of the Group on the community and the environment; and
    - (e) the desirability of the Group to maintain a reputation for high standards of business conduct.
  - 1.2.3 **duty to exercise independent judgement:** a Board member must not fetter his/her discretion when exercising his/her powers;
  - 1.2.4 **duty to exercise reasonable care, skill and diligence:** a Board member shall exercise the same care, skill and diligence that would be exercisable by a reasonably diligent person with:
    - (a) the general knowledge, skill and experience that may be reasonably expected of a person carrying out the functions performed by the Board member in relation to the Group; and
    - (b) the general knowledge, skill and experience that the Board member has.
  - 1.2.5 **duty to avoid conflicts of interest:** a Board member should identify and disclose the nature of a conflict and procure authorisation for the same if permitted;
  - 1.2.6 **duty to promote the success of the Group:** a Board member shall in good faith promote the success of the Group for the benefits of its Shareholders and other stakeholder;
  - 1.2.7 **duty not to accept benefits from third parties:** a Board member is prohibited from accepting a benefit from a third party if the benefit is attributable to the fact that the person is a Board member of the Group or to any act or omission of the person as a Board member; and
  - 1.2.8 **duty to declare interests in proposed or existing transactions or arrangements:** if a Board member is in any way directly or indirectly interested in an existing or proposed transaction or arrangement with the Group, the Board member shall declare the nature and extent of the interest.
- 1.3 Each Board member shall display the following qualities;
- 1.3.1 **conscience:** a Board member shall act with intellectual honesty and independence of mind in the best interests of the Group and all its stakeholders;
  - 1.3.2 **competence:** a Board member shall have the knowledge and skills required for governing the Group effectively. This competence shall be continually developed;
  - 1.3.3 **commitment:** a Board member shall be diligent in performing his/her duties and devote sufficient time to the Group's affairs; and
  - 1.3.4 **courage:** a Board member 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.
- 1.4 Board members shall bind themselves to the Code of Conduct for Board members set out under Appendix 4.

### 2. POWERS AND RESPONSIBILITIES OF THE BOARD

- 2.1 The Board is responsible for creating and delivering sustainable shareholder value and ensuring that the interests of shareholders are protected.
- 2.2 The Board determines the strategic objectives and policies of the Group to deliver long-term value.

2.3 The Board should demonstrate ethical leadership and promote the Group's purpose, vision, mission, core values, culture and behaviours.

2.4 The Board has the overall responsibility among others to;

- (a) define the Group's strategic objectives, mission, vision, purpose, core values and business goals;
- (b) establish the Group's corporate culture and values and ensure observation of the same including appropriate ethical standards;
- (c) ensure the development and approval of strategies to deliver the strategic objectives, including the framework within which the Board, Senior Management and staff shall operate;
- (d) ensure that the strategy is aligned with the purpose of the Group and the legitimate interests and expectations of its shareholders and other stakeholders;
- (e) monitor and evaluate the implementation of strategies, policies including performance management;
- (f) define the sustainability goals of the Company from an Environmental, Social and Governance ("ESG") perspective and ensure that the sustainability goals are aligned to the strategy of the Group;
- (g) ensure that the Group has adequate resources to enable it achieve its strategy;
- (h) monitor the Group's performance and approve interim and annual financial statements and budgets;
- (i) ensure the development and approval of the Group's policies;
- (j) ensure the development and implementation of effective Risk Management and Internal Control Frameworks;
- (k) approve the Group's organizational structure and ensure that the same facilitates effective decision making and good corporate governance and ensure the development of appropriate staffing and remuneration policies;
- (l) set clear objectives and policies covering all aspects of operations within which Management shall operate, thereby regulating the manner in which the businesses of the Group are conducted;
- (m) establish and ensure the implementation of a system that provides timely and accurate information to the shareholders and other key stakeholders;
- (n) monitor the effectiveness of the corporate governance practices and oversee regulatory compliance;
- (o) nominate suitable candidates for election as Board members and recommend the compensation structure and practices for the members of the Board for approval by the shareholders;
- (p) review related party transactions to assess risk and ensure they are disclosed and subjected to appropriate restrictions;
- (q) approve significant changes in accounting policies and practices;
- (r) approve significant commitments, transactions, expenditures, write-offs and settlement of litigation or claims against the Group exceeding the limits delegated to Management;
- (s) promote a positive image of the Company; and
- (t) Exercise the powers set out under the Articles of Association and applicable laws and regulations.

### **3. INDUCTION OF BOARD MEMBERS**

3.1 On appointment to the Board and to Board committees, Board members will receive a comprehensive induction and in line with the Board Induction and Development Policy contained at Appendix 6.

3.2 The aim of the induction programme is to familiarize new Board members with the Group including the responsibilities of Board members, general principles of corporate governance, Board policies and practices, Group strategy as well as the functioning and operations of the Group.

### **4. BOARD DEVELOPMENT**

4.1 The Board, through the GNCC will ensure that a development needs assessment is carried out periodically and an annual development plan that is in line with applicable laws and regulations is put in place.

- 4.2 Board members will be provided with access to, or notice of, continuing development programs that are designed to enable them to maintain, deepen and update their knowledge and skills and to fulfil their responsibilities as Board members and to keep members abreast of the latest developments in sector best practice, governance and critical issues affecting the Group as set out in the Board Induction and Development Policy.

## **5. BOARD PERFORMANCE EVALUATION**

- 5.1 The Board shall determine its performance criteria and undertake an annual evaluation of its performance as shall be guided by the GNCC.
- 5.2 The performance evaluation process will take the form of a self-evaluation through a detailed questionnaire and peer reviews of the Board as a whole, its Committees, individual Board members, the Chairperson, the GCEO and the Company Secretary.
- 5.3 The questionnaire shall take into consideration the guidance provided in applicable Prudential Guidelines.
- 5.4 The Board shall fully deliberate on the results of the Board Evaluation and put in place a programme to address and identified gaps.
- 5.5 As part of the Board Evaluation exercise, the Board shall also assess the independence of the Independent Non-Executive Directors as required by any applicable law and regulations.
- 5.6 The Board shall disclose in the Annual Report whether or not a Board evaluation has been conducted.
- 5.7 Where required by applicable law and regulations, a report of the evaluation shall be submitted to regulatory authorities.

## **6. REMUNERATION FOR BOARD MEMBERS**

- 6.1 The Group shall establish a formal and transparent remuneration policy that is sufficient to attract and retain good Board members and is aligned with the Company's strategy.
- 6.2 The remuneration policy shall be approved by the Shareholders.
- 6.3 The remuneration policy for Board members shall clearly stipulate the elements of such remuneration including directors' fee, attendance allowances and bonuses.
- 6.4 The Executive Directors' remuneration should be competitively structured in line with remuneration for other executives in the same industry and should be aligned with the business strategy and long-term objectives of the Group.
- 6.5 All remuneration shall be paid by the Group and no Board member shall be paid their remuneration by a nominating shareholder.
- 6.6 The Group shall disclose its remuneration policy in the Annual report.

## **7. BOARD AND MANAGEMENT CONTINUITY AND SUCCESSION PLANNING**

- 7.1 The Board shall have in place a clear succession plan for its Chairperson and other key roles on the Board in order to manage unplanned and sudden departures, which could undermine the Group's and shareholders' interest, and in line with the Board Succession Policy and Plan Contained at Appendix 7
- 7.2 The terms of Board members shall be organised in such a way that they end at different times. This will ensure retention of institutional memory and allow for an effective transition.
- 7.3 Where possible, no more than one third of the Board members shall retire at the same time.
- 7.4 In addition, the Board shall approve, regularly review and maintain a succession plan for senior Management staff and other key roles in the Group.
- 7.5 The Board has delegated the responsibility for succession planning for the GCEO to the Group Board Executive Committee, which shall put in place a Succession Plan and regularly provide assurance to the Board in this regard.

## **8. THE TENURE OF DIRECTORS**

- 8.1 The term for Board members shall be three (3) years, renewable.

## **9. RELATIONSHIP BETWEEN THE BOARD AND MANAGEMENT**

- 9.1 The Board and the Management shall execute their mandate in an environment of mutual trust and respect having regard to the principles of good corporate governance.
- 9.2 The Board shall provide clear and distinct lines of responsibility and accountability and maintain effective channels of communication.

- 9.3 Under the direction of the Board, Management shall ensure that the Group's activities are consistent with the strategy and risk appetite set by the Board, as well as policies approved by the Board.
- 9.4 The Board 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. In this regard, the Board shall 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.
- 9.5 The Board shall hold Management accountable for:
- (a) the day-to-day management of the Group while ensuring that integrity permeates all aspects of the Company's operations;
  - (b) the implementation of the approved strategy, annual business plans and Board decisions;
  - (c) the implementation and adherence to policies, practices and standards as laid down by the Board;
  - (d) the establishment of systems to facilitate efficient operations and communications;
  - (e) the development of planning processes to facilitate achievement of targets and objectives;
  - (f) all staff matters including recruitment, retention, development and training;
  - (g) ensuring adherence to the Code of Conduct and all relevant laws, regulations, codes, guidelines and standards;
  - (h) maintaining of all required records to ensure the integrity of reporting;
  - (i) preparation of budgets, business plans and management accounts; and
  - (j) Implementing the risk management framework and adequate systems of Internal Controls.
- 9.6 The Board shall ensure that appropriate Management Committees are set up in line with applicable Prudential Guidelines to help Management effectively perform their role.

## **10. ANNUAL BOARD WORK PLAN**

- 10.1 The Board shall put in place an annual work plan broadly aligned to the template outlined in Appendix 9.
- 10.2 The Board Work Plan shall be developed and approved by the Board for each financial year and is intended to guide the activities of the Board and its Committees during the period.
- 10.3 The Board shall ensure that the Work Plan is forward looking and focuses the Board on the strategy of the Group.

## **11. SUBSIDIARY GOVERNANCE AND MATTERS RESERVED FOR THE GROUP BOARD**

- 11.1 The Board has the overall responsibility for the proper functioning of and adequate corporate governance across the Group's subsidiaries. In this regard, and as more particularly set out in the Group CG Framework, the Board shall:
- (a) exercise adequate oversight over the Group's subsidiaries while respecting the independent legal and governance responsibilities of the Subsidiary Boards and subject to the powers reserved for the Group as set out in the said CG Framework; and
  - (b) put in place measures to ensure that each Subsidiary Company complies with all applicable governance requirements.
- 11.2 The Board shall receive regular reports on the performance of the Company's subsidiaries.

## **12. LIMITATION ON DIRECTORSHIPS**

- 12.1 On appointment, and annually thereafter, Board members will be required to complete a Personal Declaration Form indicating external directorships held and any positions or business relationships that may result in a conflict of interest with the Group's business.
- 12.2 Except for a corporate director, Board members shall not hold the position of a director in more than two other public listed companies at any one time.
- 12.3 In a case where a corporate director has appointed an Alternate Director, such Alternate Director shall be restricted to one other public listed company at any one time.
- 12.4 An Executive Director shall be restricted to one other directorship of a public listed company.

12.5 In order to allow the Chairperson to devote sufficient time to steering the Board, he/she shall not hold such position in more than one other public listed company at any one time.

### **13. REMOVAL/RESIGNATION FROM OFFICE**

13.1 A Board member shall cease to hold office or may be removed from office by the Group if the Board member;

13.1.1 serves the appointing Company with a written notice of resignation; or

13.1.2 fails, without reasonable cause and without the consent of the Board, to attend three consecutive meetings of the Board and the Board resolves that, by reason of such failure, he/she shall cease to be a Board member (For avoidance of doubt, and for purposes of this Charter, in the event that a Board Member has appointed an Alternate Director, attendance by the Alternate Director shall constitute attendance by the substantive Director); or

13.1.3 is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding fifty thousand shillings; or

13.1.4 is adjudged bankrupt or enters into a composition scheme or arrangement with his creditors; or

13.1.5 is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or

13.1.6 is recommended for removal by the Board on the basis of non-performance, non-attendance of meetings, unethical conduct which contravenes the Group's Code of Conduct and Ethics and other applicable Group policies; or

13.1.7 is removed from office for whatever reason by a Special Resolution of the Company in General Meeting; or

13.1.8 ceases to be a Board member or is prohibited from being a Board member by virtue of applicable laws and regulations; or

13.1.9 in addition to the above and in the case of Executive Directors, their appointment as such has been terminated by the Board or they have left the employment of the Company for any reason.

13.2 The Board shall ensure that where required, regulatory bodies are notified of the resignation and/or removal of any Board member within the time frame provided under any applicable laws or regulations.

### **14. BOARD AND COMMITTEE MEETINGS**

14.1 The Board and its committee shall meet regularly and at least once a quarter.

14.2 Each Board member shall have a duty to attend Board meetings regularly and to effectively participate in the conduct of the business of the Board.

14.3 Every Board member shall attend at least 75% of the Board meetings of the Group in any financial year.

14.4 Attendance of Board meetings shall be by physical appearance and or such other virtual means as allowed by local laws and regulations and approved by the Board from time to time.

14.5 Board and Committee meetings shall be held in line with the procedures and practices set out in Appendix 1

### **15. GOVERNANCE AUDIT**

15.1 Where required, the Board shall ensure that a Governance Audit of the Company is undertaken in line with applicable laws and regulations.

### **16. COMMON SEAL OF THE COMPANY**

16.1 The common seal of the Company shall be kept as directed by the Board and only used as may be directed by the Board.

16.2 The Common seal of the Company shall be authenticated by the signature of any Board member and the Company secretary or any other person authorized by the Board, and in the presence of a witness.

16.3 The Company Secretary shall ensure that the Board is aware of and ratifies the use of the Company seal on any document.

### **17. DISPUTE RESOLUTION**

17.1 The Board shall also take reasonable steps to encourage stakeholders to solve their disputes through Alternative Dispute Resolution mechanisms.

17.2 The Board shall be guided in this regard by the Dispute Resolution Policy set out under Appendix 12 with the aim of ensuring that disputes with and among stakeholders are resolved confidentially, effectively, efficiently and expeditiously.

## **18. COMPLIANCE WITH LAWS AND REGULATIONS**

18.1 The Board shall ensure that the Group conducts its business affairs in full compliance with all applicable laws, rules, regulations, codes and standards, and in line with accepted best practice, national and international standards as well as internal policies of the Group.

18.2 In this regard, the Board shall ensure that laws, rules, regulations, codes and standards, which are applicable to the Group are identified, documented and observed.

18.3 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.

18.4 Where required, the Board shall ensure that a legal compliance audit is carried out regularly, with the objective of establishing the level of adherence to applicable laws, rules, regulations and standards. An internal legal and compliance audit shall be carried out every year save for the year that a comprehensive independent legal and compliance audit is carried out. A comprehensive independent legal audit shall be carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya.

## **19. LIABILITY OF BOARD MEMBERS**

19.1 A Board member shall not be liable for any act done in good faith in carrying out duties and responsibilities in the Company.

19.2 While the Company will take out an appropriate Directors' and Officers' Liability cover for its Board members, it is recognized that the indemnity may be void to the extent that it provides indemnity against;

18.2.1 the liability of a Director to pay a fine imposed in criminal proceedings; or

18.2.2 an amount payable to a regulatory authority as penalty in respect of non-compliance with a requirement of a regulatory nature; or

18.2.3 the liability incurred by the Director in defending criminal proceedings in which the Director is convicted or in defending civil proceedings brought by the Company, or an associated company, in which judgment is given against the Director.

19.3 It is also recognized that there may be no limitation of liability for negligence or breach of a Board member's duty of care and trust to the Company or its stakeholders.

19.4 There may also be no limitation of liability for acts or omissions not in good faith, or which involve negligence, default, intentional misconduct or violation of the law and that in the event of breach of duty, the Company may be entitled to;

18.4.1 recover any of the Company's property misapplied by a Director/Directors;

18.4.2 make the Director/Directors account for the profit made in breach of the fiduciary duty; and

18.4.3 claim damages

19.5 A Board member may also be criminally liable for certain acts or omissions under the Act including;

18.5.1 failure to register an amendment of the Articles of Association;

18.5.2 failure to keep a register of Directors and their particulars;

18.5.3 failure to notify the Registrar of Companies of a change of Directors and Director's addresses;

18.5.4 where a Board member accepts benefits from third parties;

18.5.5 where a Board member fails to declare his/her interest in a transaction/arrangement;

18.5.6 where Board members fail to prepare the Director's report.

19.6 In this regard therefore, Board members are encouraged to fully understand their role, the business of the Group and to perform their duties with integrity and the necessary care and skill required of them and commensurate with their general knowledge and skill.

## **20. OTHER PERTINENT POLICIES**

20.1 The Board shall ensure that the following policies are implemented;

20.1.1 **Stakeholder Management Policy:** To ensure that the Board manages stakeholder relationships in a proactive manner to ensure the realization of the legitimate interests and expectations of stakeholders and the achievement of the Group's objectives. The said Policy is set out under Appendix 12.

- 20.1.2 **Related Party Transactions Policy:** To ensure full disclosure to Shareholders any business agreement or arrangement between the Group and its related companies. The said Policy is set out under Appendix 13.
  - 20.1.3 **Speak Up (Whistleblowing) Policy:** To ensure that employees and other stakeholders feel supported in speaking up in confidence without fear of retribution and to encourage all improper and unethical behaviour to be identified and dealt with. The said Policy is set out under Appendix 14.
  - 20.1.4 **Insider Trading and Market Abuse Policy:** To set out the legal principles relating to insider trading and provide guidance to the Board and senior Management on ensuring that there is no market manipulation caused by the illegal use of non-public information. The said Policy is set out under Appendix 15.
  - 20.1.5 **Transparency and Disclosure Policy:** To ensure effective, accurate, timely and transparent disclosure of pertinent information on the Group's operations and performance as required by applicable law and regulations. The said Policy is set out under Appendix 16.
- 20.2 Each Board member shall familiarise themselves with the Policies and ensure that they abide by them and/or ensure their implementation.

## **21. COMMITMENT**

- 21.1 Upon appointment, each Board member shall bind themselves to upholding the principles set out under this Charter and the various policies outlined by executing the Undertaking contained under Appendix 17.

## **22. REVIEW OF THE CHARTER**

The Board will review this Charter as required to ensure it remains consistent with the Board's objectives and responsibilities.

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This Board Charter is Effective from **10 March 2021**

Approved by the Board of Directors at a meeting held on 10 March 2021
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## BOARD MEMBERS UNDERTAKINGS IN LINE WITH THE CHARTER

Each Board member by accepting a Board appointment accepts this Charter and its Appendices and in particular makes the following undertakings:

1. To always act in the best interest of the Equity Group Holdings PLC (the Group”) and not for any other collateral purpose, to exercise my power in good faith and to act with the care of a prudent person.
2. Being aware that the stewardship of the Group is vested in the Board, I shall exercise all such powers and do all such acts and things as may be exercised or done by the Board with the skill and care expected of a reasonable man.
3. By accepting to be a Board member therefore, I undertake to familiarize myself with the legal and regulatory framework associated with the Group as well as any other Laws, rules, regulations and policies necessary for the proper discharge of my duties.
4. To dedicate the time and attention necessary to fulfill my duties.
5. To preserve my independence of analysis and judgment in all circumstances and to resist any pressure direct or indirect from whichever source.
6. Being fully aware of the importance of regular attendance and effective participation at meetings, I undertake to do everything within my power to attend all meetings.
7. I further undertake to prepare sufficiently for meetings by carefully considering Board papers and attachments thereto and where necessary seeking clarifications.
8. I understand that all the information which I will acquire or to which I will have access owing to my official position as a member of the Board of the Group is information which is CONFIDENTIAL and I hereby undertake to maintain in confidence and not disclose to any third party such information save where there is express authorization by the Board to do so or where I am required by law to disclose such information.
9. I have read and understood and hereby pledge during my tenure as a member of the Board;
  - (i) To abide by the contents of the Group’s Code of Conduct and Ethics; and
  - (ii) To comply with the provisions of all applicable laws and regulations.
10. I do undertake to use my best efforts to avoid being in a position where my personal interests (including the interests of my spouse, children, relatives, business associates, or other body in which I have an interest) conflict with those of my official duties with the Group.
11. I further understand that whenever my personal interests conflict with my official duties, I shall:
  - (i) Declare the personal interests to the Board either directly or through the Chairperson or the Group Chief Executive Officer or the Group Company Secretary and will comply with any directions to avoid the conflict; and
  - (ii) Refrain from participating in any deliberations with respect to the matter.
12. I confirm that I shall not hold shares or have any other interest in a corporation, partnership or other body, directly or indirectly or through another person, if holding those shares or having an interest would result in my personal interests conflicting with those of my official duties with Group. In addition, I shall not influence the award of a contract or business to myself, my spouse, relative, business, associate, corporation, partnership or other body in which I have an interest.
13. I hold the following position(s):

### (i) Employment /Business

Employer’s Name/Business Name	Position Held

**(ii) Shareholding (Directly owned or through nominees)**

<b>Company's Name</b>	<b>Number of shares held</b>	<b>% of shareholding</b>

**(iii) Directorships**

<b>Company's Name</b>	<b>Executive or Non-Executive</b>	<b>% of shareholding</b>

**(iv) Professional Bodies**

<b>Name of Body</b>	<b>Membership Number</b>	<b>Position held (if any)</b>

Do any of the above affiliations maintain a business relationship with the Group? If so, give particulars;

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Do you have any past relationships that may present a conflict of interest between your duties and responsibilities with the Group? If so, give particulars;

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By executing this Declaration I hereby certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to my position as a Director of the Group of which the Group should be aware. Further, I undertake to inform the Board of Directors of any material changes which arise

**Name:** .....

**Signature:** .....

**Date:** .....