



BOARD CHARTER

JANUARY 2020



Table of Contents

A. INTRODUCTION.....	2
B. CORPORATE GOVERNANCE	2
C. STRUCTURE AND COMPOSITION OF THE BOARD	3
D. ROLE OF THE BOARD	5
E. BOARD MEETINGS.....	7
F. BOARD COMMITTEES.....	8
G. DIRECTOR ORIENTATION AND EDUCATION	9
H. CONFLICTS OF INTEREST	9
I. DIRECTOR COMPENSATION AND REIMBURSEMENT	10
J. BOARD AND DIRECTOR EVALUATION	10
K. MANAGEMENT DELEGATIONS & COMMUNICATION.....	10
L. ROLES AND RESPONSIBILITIES	11
M. COMPANY SECRETARY	12
N. REVIEW OF CHARTER	12
APPENDIX 1 - ROLES & RESPONSIBILITIES.....	13

A. INTRODUCTION

This Board Charter sets out the authority, roles and responsibilities of the members of the Board, constitution and guiding principles for smooth functioning and management of the Board of I&M Holdings Plc (“I&M Holdings” or “the Company”) as well as its wholly owned subsidiaries and any associated companies collectively referred to as the Group. This document is to be read in conjunction with the Articles of Association of the Company from which the Board derives its authority and power as well as the Code of Corporate Governance issued by the Capital Markets Authority (“CMA”) and the Guidelines on Non-Operating Holding companies CBK/PG/24, issued by the Central Bank of Kenya and as may be issued from time to time.

B. CORPORATE GOVERNANCE

Each of its Directors and the Boards and management of each company in the Group are fully committed to high standards of corporate governance, which includes embracing the following principles:

- To observe high standards of ethical and moral behaviour;
- To act in the best interests of shareholders;
- To ensure that the Company acts as a good corporate citizen;
- To recognize the legitimate interests of all stakeholders;
- To disclose accurate, adequate and timely information so as to allow stakeholders make informed decisions;
- To ensure ordinary shares feature one vote for each share and shareholders’ right to vote is upheld; and
- To ensure disclosure of matters pertaining to Corporate Governance in accordance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 from time to time.

C. STRUCTURE AND COMPOSITION OF THE BOARD

1. Structure

The Board is a link between the shareholders and the Company. The Company shall be headed by an effective Board that offers strategic guidance, lead and control it and be accountable to its shareholders. The Board will at all times consist of:

- i. Non-executive and Executive Directors who can bring a broader view to the Company's affairs, and
- ii. Independent Directors who can bring additional experience as well as independence and clarity of thought to deliberations.

2. Composition

The Board will have an appropriate balance of independent, non-executive and executive directors under the firm and objective leadership of a Chairperson to ensure both excellent performance and good governance to serve the interest of all stakeholders of the Company.

The actual proportion and balance of independent, non-executive and executive directors may however vary from time to time in accordance with the prevailing circumstances including requirements, if any, imposed by regulatory authorities.

The Board will at all times have at least one-third of its membership composed of independent directors for the protection of shareholders interest (including minority interests).

The structure of the Board should also comprise a number of directors, which fairly reflects the Company's shareholding structure.

In addition, the Board shall ensure that the functions of the Chairperson and the CEO are not exercised by the same individual.

3. Alternate Directors

There will be no distinction between Directors and Alternate Directors in terms of their duties and responsibilities. An Alternate Director shall be nominated by the substantive Director but will be subject to vetting by the Board Nomination and Remuneration Committee.



A person may be appointed as an Alternate Director to more than one Director on the board. However, he/she may only act as the alternate to two Directors at any one time.

In case where the alternate director is also a director in his own right, he/she can only act as alternate to one Director. This will ensure that no individual has more than two votes at a Board meeting.

A substantive Director may appoint only one Alternate Director however Alternate Directors so appointed may not be appointed as members of the Audit Committee.

4.Tenure

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

Further the term of office of Board members shall be organized in a manner that ensures there is a smooth transition.

5.Selection & Appointment of Directors

The Board will be responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of shareholders.

In considering potential directors to commend to shareholders, the Board will seek to not only identify candidates with appropriate skills, knowledge and experience to contribute to effective direction of the Group but also have ensure achievement of diversity in its composition. In applying its selection criteria, Board shall identify candidates who can exercise an independent and informed judgement on matters which come to the Board and, in the case of independent directors, candidates who are free of any business or other relationship that may interfere with the exercise of the individual judgement.

At all times, the Board shall ensure that it is compliant with the Board composition guidelines contained under Section C1 and C2 of this document.

The Board shall ensure that all directors receive formal letters of appointment setting out the main terms and conditions relative to their appointment.

6. Other Directorships

No Director on the Company's Board may be a Director in more than 3 listed public entities at any given point of time. Additionally the Chairperson of the Board may not hold such a position in more than 1 publicly listed company at any given point in time.

To ensure compliance with this, once every year each of the Directors and the Chairperson shall confirm to the Company in writing about the status of their compliance with this requirement.

D. ROLE OF THE BOARD

The primary responsibility of the directors is to exercise their business judgement to act in what they believe to be the best interests of the Company and its shareholders. In discharging that obligation, directors shall be entitled to rely on the honesty and integrity of the information they receive from each entity in the Group and its outside advisors and auditors.

It shall be the Board's responsibility to take appropriate steps to protect and enhance the value of the assets of the Company and the Group in the best interests of its shareholders. The Board shall ensure that at the heart of the organization there is a culture of honesty, integrity and excellent performance.

In furtherance of its responsibilities, the Board shall:

- Ensure that appropriate systems and processes are in place so that the business of the Company and each of the companies in the Group are conducted in an ethical, responsible and safe manner;
- Oversee the overall conduct of the business and ensure that it is being properly managed;
- Ensure that effective audit, risk management and compliance systems are in place to protect the Company's assets and to minimize the possibility of the Company operating beyond legal requirements or beyond acceptable risk parameters;
- Be actively engaged in directing and approving the strategic planning of the Group and the implementation of the strategies;
- Analyze and review material acquisitions, divestments and capital expenditure;
- Set delegated financial authority levels for the appointed signatories to the Company's bank accounts;

- Review and approve the financial and dividend policies and the operating budget.
- Monitor financial performance and integrity of reporting at least on a quarterly basis;
- Establish a formal and transparent procedure for remuneration of directors, which should be approved by the Shareholders.
- Carry out annual evaluation of the Board, the Board Committees and individual Directors;
- Act in such a way that discussions in Board meetings promote focused debate within a supportive team atmosphere;
- Ensure effective and timely reporting to shareholders, by establishing a system that provides the necessary information to the shareholders including shareholder communication policy for the Company.
- Safeguard and enhance the image and reputation of the Company and the Group;
- Recognize the importance of shareholder attendance and participation at meetings of shareholders;
- Take into consideration the interests of the Company's stakeholders in its decision making process.
- Ensure the Company, each entity within the Group, and the Group itself, maintains adequate level of capital at all times with respect to the requirements of the Banking Act and the business operations;
- Ensure cognizance is taken of all applicable laws and guidelines, and systems to effectively monitor and control compliance; in particular, the adequacy and integrity of the Company's internal control, acquisition and divestitures and management information systems should be regularly reviewed.
- Ensure corporate actions are compatible with societal objectives concerning social cohesion, individual welfare and equal opportunities for all;
- Ensure the Board is informed about business conditions for effective supervision of the affairs of the Company and the Group as a whole;
- Monitor the effectiveness of the corporate governance practices under which the Company operates and propose revisions as may be required from time to time.
- Ensure that disclosures in the annual and /or integrated report as stipulated in applicable laws, regulation, guidelines issued by regulators and/or best practices are complied with.

The Board shall put in place the necessary mechanisms to enable it effectively discharge its roles and responsibilities. To facilitate this, the Board shall develop an annual work plan and calendar of meetings for the year to guide its activities at the last Board meeting of each preceding financial year (generally held in October of each year).

E. BOARD MEETINGS

1. The Board will meet at least once every quarter, and otherwise as necessary, to deal with urgent matters. The Articles of Association govern the regulation of meetings and proceedings of the Board.
2. The Company Secretary, in consultation with the (i) Chairperson and (ii) Group Executive Director, shall establish the agenda for each Board meeting.
3. The Company Secretary will ensure that notice of the Meeting, the agenda and adequate information on all relevant issues are provided to all Board members prior to the meeting.
4. Directors shall liaise with the Chairperson for including matters under the agenda that he/she deems relevant and necessary to be discussed at a Board meeting as and when required. Each Director shall also be free to raise at any Board meeting subjects that are not on the agenda for that meeting.
5. To enable appropriate review of the Board materials, Directors will be sent materials in advance of the Board meetings in either paper form or electronically. The content, presentation and delivery of papers to directors for each meeting will be in accordance with guidelines determined and agreed to by the Board.
6. Meetings may be held by telephone or videoconference, provided that participants can hear each other simultaneously and clearly.
7. Board meetings shall be presided by the Chairperson. In his/her absence, one of the other independent directors, designated by the majority vote of the Board members present at the meeting, shall preside over the meeting.
8. The quorum for Board meetings shall be guided by the Company's Articles of Association.
9. The Chairperson of the Board may from time to time invite employees of the Group and advisors to attend Board or committee meetings whenever deemed appropriate.
10. Proceedings of all Board meetings shall be minuted and signed by the Chairman of the relevant meeting. Minutes shall be circulated to Directors and approved by the Board at its subsequent meeting

F. BOARD COMMITTEES

The Board shall establish Board Committees to which it can delegate some of its duties. The committees will comprise a mix of independent, non-executive and executive directors. The Chairpersons and members of such Committees will be appointed by the Board.

From time to time the Board may also establish ad hoc or special purpose committee/(s) to examine or have the delegated authority to deal with specific issues on behalf of the Board.

As a minimum requirement the Board shall establish (i) a Board Audit Committee and (ii) a Board Nomination and Remuneration Committee.

1. Roles of Committees

The Board shall set out the terms of reference of each committee defining its role, responsibilities and scope of authority as well as its membership, operations and reporting requirements of each committee.

Where appropriate, the Committees will make recommendations to the full Board. Proceedings of committees shall be reported to the Board to allow other directors to be informed of and seek clarifications from the Committee members, if so required.

All Board committees shall be chaired by an independent Non-executive director. The roles of Chairpersons of Committees shall, as far as practical, be well distributed amongst the directors so that no individual is burdened with too many committees.

Board committees will be free to take independent professional advice as and when necessary, and invite senior management of the entities in the Group to provide technical advice when needed.

2. Review of Committees

Each of the Board Committees shall undertake an annual review of their objectives and activities. The objectives and activities of the committees shall also be reviewed by the Board and by any other parties that the Board deems appropriate.

G. DIRECTOR ORIENTATION AND EDUCATION

The Board shall ensure that all new Directors are appropriately introduced to the business of the Company and the Group. All incoming Directors shall be provided with a complete information pack including relevant Company policies, its Articles of Association and this Charter.

Additionally the Board shall ensure competence up-skilling and continuous development programs are organized for its members in order to enhance governance practices within the Board itself and in the interest of the Company. To facilitate this, the Group Head of HR in conjunction with the Board Nomination, Remuneration and Governance Committee shall review each members' development needs in the last quarter of each financial year so as to schedule appropriate upskilling and continuous professional development programs. An annual summary of the programs undertaken per member shall be submitted and reviewed each year by the Board Nomination, Remuneration & Governance Committee each year.

H. CONFLICTS OF INTEREST

The Board expects its members, both individually and collectively, to act ethically and in a manner consistent with the values of the business. Each Director will as far as practically possible, minimize the possibility of any conflict of interest with the Company or the Group by restricting involvement in other businesses that would be likely to lead to a conflict of interest.

Where conflicts of interest do arise, Directors will excuse themselves from the relevant discussions and will not exercise their right to vote in respect of such matters.

The Board, shall in exceptional circumstances, engage one or more directors to perform certain specific and elaborate roles in a given transaction. In such circumstances, the Board shall ensure that a formal agreement is drawn up outlining the specific roles and responsibilities of the director/(s) involved in the transaction and the attendant fees that would be payable. Further, the Board shall ensure that such fees are appropriately disclosed in the annual report for transparency.

I. DIRECTOR COMPENSATION AND REIMBURSEMENT

Directors' remuneration will be paid in the form of

- (i) Directors' Sitting Fees for attendance at Board and Board Committee and
- (ii) Fixed annual fees.

The fixed annual fees will be structured to compensate directors for lending their name and goodwill to the Company's Board and for the role that directors are expected to perform in terms of being the Company and Group's brand ambassador, networking, introducing 3rd parties for possible transaction(s) with the Group and undertake to a certain extent, preliminary discussions with such 3rd parties.

Directors' remuneration will be reviewed once every 2 years.

The fees available to be paid to Directors will be subject to shareholder ratification /approval and disclosed in the annual report as appropriate and in accordance with the provisions of the Companies Act, Cap 486 of the Laws of Kenya and other laws, regulations and guidelines issued by the regulator/(s) from time to time.

J. BOARD AND DIRECTOR EVALUATION

At regular intervals, not exceeding twelve months, the Board of Directors shall undertake an evaluation of (i) its functioning as a collective body (ii) as individual directors, (iii) the Chairperson, (iv) functioning of each of the Board Committees, (vi) Group Executive Director or Group CEO as applicable and (viii) the Company Secretary.

The parameters for evaluation of the Board as a collective body and as individual directors shall be reviewed regularly; where required the Board shall work with independent governance specialists to do so. The formats for such annual evaluations will be approved by the Board of Directors from time to time.

K. MANAGEMENT DELEGATIONS & COMMUNICATION

The Company operates as a non-operating holding company. The Group's banking and advisory subsidiaries are governed by different statutory and regulatory

requirements across the region. As a non-operating holding company, the Board provides strategic direction to the Group's business and meets quarterly to review overall performance and progress on significant initiatives.

The Board has set up a Group Executive Office to lead and direct the implementation of business strategy, performance delivery and safe and compliant execution of I&M Group's banking and other business so as to deliver sustainable long term value for shareholders, including the establishment, execution and delivery of agreed strategic objectives approved by the Board

The Group Executive Office is headed by the Group Executive Director (GED). He is ably supported by the Regional Director, Group Nominated Directors and other team members in the Group Executive Office.

Communication between the Directors and the Management of the other entities in the Group will be through the Group Executive Office.

When Directors seek clarification regarding information provided to Directors, or are seeking information about the Company and the Group generally, this will be sought from the Group Executive Director or from the Group Executive Office as appropriate.

Any meetings or contacts that a Director wishes to initiate may be arranged through the Group Executive Director or Group Executive Office.

L. ROLES & RESPONSIBILITIES

1. The Chairperson

The Chairperson shall be an independent, non-executive Director who does not hold the Chairperson position in more than one other public listed company. The Chairman's roles and responsibilities have been set out under Appendix 1- Part A.

2. Directors

Roles and responsibilities of the Directors on the Company's Board have been set out under Appendix 1- Part B.

3. Group Executive Director

Roles and responsibilities of the Group Executive Director have been set out under Appendix 1-Part C.

M. COMPANY SECRETARY

The Board shall ensure that the Company always has a qualified and competent Company Secretary who must have the requisite knowledge and experience necessary to undertake the statutory duties and responsibilities of the post and advise the Board. The Company Secretary shall be a member of the Institute of Certified Public Secretaries of Kenya. All Directors shall have access to the Company Secretary.

N. REVIEW OF CHARTER

The Board will review this Charter every two (2) years or earlier as may be required to ensure it remains (i) consistent with the Board's objectives and responsibilities and (ii) relevant in case of changes in the operating environment.

Approved by the Board of Directors at its meeting held on.....

.....
Board Chair

January 2020

APPENDIX 1

ROLES AND RESPONSIBILITIES

PART A: THE CHAIRPERSON

- Manage the Board firmly, objectively, and provide effective leadership in formulating strategic direction;
- Foster a constructive governance culture and apply appropriate governance principles among directors and with management;
- Make sure that the Board is well informed and effective and that the members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company / Group;
- Ensure there are processes and procedures in place to evaluate the performance of the Board, its committees and individual directors;
- Ensure effective communication with shareholders;
- Oversee a formal succession plan for the Board, and Senior functionaries of each entity in the Group;
- Participate in the selection of Board members to ensure that the Board has an appropriate mix of competencies, experience, skill and independence;
- Arrange for new directors appointed to the Board to be properly inducted and oriented;
- Ensure that each of the Board members receives competence up-skilling and attends a certain minimum amount of CPD programs each year.
- Attend meetings of relevant Board committees;
- Determine, in conjunction with the Group Executive Director and the Company Secretary, the formulation of an annual work plan for the Board against agreed objectives and goals;
- Take a leading role in removing non-performing or unsuitable directors from the Board;
- Ensure that all relevant information and facts are placed before the Board to enable the directors reach informed decisions.

PART B – DIRECTORS

- To attend Board meetings regularly and to effectively participate in the conduct of the business of the Board.

- To devote time to diligently carry out their responsibilities and duties to the Company and the Group;
- Exercise utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company and the Group and must act independently of any outside fetter or instruction;
- Exercise both care and skill in looking after their own affairs as well as having regard to their actual knowledge and experience when performing their duties as a director of the Company;
- Qualify themselves on a continuous basis with sufficient understanding of the Company's and Group's business and the effect of the economy to discharge their duties properly;
- Always act in the best interest of the Company and Group;
 - Never permit a conflict of duties and interest and disclose potential conflicts of interest to the Board at the earliest possible opportunity;
 - Treat any confidential matters relating to the Company and Group, learned in their capacity as a director, as strictly confidential and not divulge them to anyone without the authority of the Board;
 - Insist that Board papers and other material information regarding the companies in the Group are provided in time for them to make informed decisions;
 - Ensure that procedures and systems are in place to act as checks and balances on information being received by the Board and ensure that the Company prepares annual budgets and regularly updated forecasts against which the Group's performance can be monitored by the Board;
 - Ensure that a proper risk assessment of the Company's and Group's current operations and proposed projects under a variety of relevant scenarios is undertaken on a regular basis.
 - Ensure that shareholders' rights are protected and promoted, including:
 - Ensure equitable terms of shareholders including minority and foreign shareholders;
 - Ensure that all shareholders receive relevant information on the Company's performance through the distribution of regular annual reports and accounts, half-yearly results and quarterly results, as a matter of best practice.
 - Shareholders shall receive a secure method of transfer and registration of ownership as well as a certificate or statement evidencing such ownership.
 - Every shareholder shall have a right to participate and vote at the general shareholders' meeting including the election of Directors. All shareholders should be encouraged to participate in the annual general meetings and to exercise their votes.

- Every shareholder shall be entitled to ask questions / seek clarification and receive explanations from Directors on the Company's performance.
- Every shareholder shall be entitled to distributed profit in form of dividend and other rights for bonus shares, scrip dividend or rights issue, as applicable and in the proportion of its shareholding in the Company.
- The Board should maintain an effective communication policy that enables effective communication with its shareholders, stakeholders and the public at large, including encouraging use of the Company's website and organizing regular investor briefings in particular when half-yearly and annual results are declared.

PART C – GROUP EXECUTIVE DIRECTOR

The Group Executive Director (GED) shall lead and direct the implementation of business strategy, performance delivery and safe and compliant execution of I&M Group's (hereinafter referred to as "Group") banking and other business so as to deliver sustainable long term value for shareholders¹, including the establishment, execution and delivery of agreed strategic objectives approved by the Board of I&M Holdings plc ("Board").

The GED shall take decisions in all matters affecting the operations, performance and strategy of the Group's businesses, with the exception of those matters reserved for the Board and/or Shareholders or specifically delegated by the Board to its committees, executive committees or the boards of subsidiaries.

Specifically, the GED shall be responsible for the following matters:

- Ensure effective implementation of the Group's long term vision and strategy as outlined within the Group Strategy and the approved risk management framework. This would include, but not limited to, overseeing delivery of the Group's international expansion and ancillary financial & investment activities within the Group.
- Overall responsible to ensure that CEOs of each subsidiary are accountable for the financial performance and make timely changes in strategy, structure and resource allocations as deemed required.

¹ Long term value creation will be measured and reported with reference to key strategic indicators for the Group as determined by the Board from time to time.

- To ensure that the Board is adequately apprised about (i) the operations of each of the subsidiaries (ii) relevant areas impacting on the performance, growth and development of any of the subsidiaries and (iii) change in circumstances of any of the subsidiaries, their respective banking industry and/or operating environment.
- Through and together with the, Group Nominated Directors and entity CEOs, ensure the
 - (i) design and implementation of the necessary management information systems for the Group to exercise adequate and effective control and management over each of the subsidiaries;
 - (ii) integrity of all financial information and regulatory reporting emanating from each of the Banking subsidiaries;
 - (iii) that there is ongoing assessment of capital requirements for each banking subsidiary and joint venture investment to confirm that it is not only in line with the approved Group strategy but such that the capital, funding and liquidity are at levels that would, in addition to meeting all regulatory requirements, remain sound in all reasonably foreseeable stress scenarios;
 - (iv) maintain and keep fresh plans to address recovery from extreme and not reasonably foreseeable stress scenarios;
- Through the Group Executive Office:
 - i. ensuring there is active liaison and co-ordination between business units of various subsidiaries as may be required to ensure optimum utilization of the Group's resources so as to derive benefits from economies of scale; and
 - ii. identifying Group synergies and cross selling opportunities.
- Building, protecting and enhancing the Group's brand value and visibility across the countries where the Group has presence;
- Performance management of all direct reports and detailed succession planning for key and critical senior management positions within the Group
- Ensure that the Group's policies and procedures are followed and conform to the highest standards

- Maintaining top level relationships with the Group's regulators / Governments / investors-shareholders; and
- Maintaining a close working relationship with the Principal Shareholders keeping them informed of key developments and opportunities, performance, risk and human resourcing concerns and seeking guidance and support as necessary.

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