



BOARD NOMINATION REMUNERATION & GOVERNANCE COMMITTEE

TERMS OF REFERENCE

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These Terms of Reference define the following

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Appendix 1 – Members of Board Nomination, Remuneration & Governance Committee (BNRGC)

1. Overall Purpose and Objectives

This charter sets out the composition and structure of the Board Nomination, Remuneration & Governance Committee (BNRGC) as well as its roles and responsibilities.

The BNRGC committee shall assist the Board in fulfilling its responsibilities of undertaking structured assessment of candidates for membership of the Board and Board Committees, and establishment of an appropriate framework for remuneration of the Board and Board Committees, in line with clearly defined remuneration principles.

In addition the Committee is also expected to provide oversight in relation to the development and implementation of governance related policies at the Group level and ensure compliance with the prevailing corporate governance regulations and principles.

2. Authority

The Board authorizes the BNRGC within the scope of its responsibilities to:

- Seek any information it requires from:
 - Any Director
 - External parties
- Obtain outside legal or other professional advice.
- Ensure the attendance of one or more of the Group's Management Team members at meetings as appropriate

3. Organisation

3.1 Appointment & Membership

3.1.1 The Board will appoint the BNRGC. The number of members shall be determined by the Board from time to time and will consist of not less than three (3) members, at least two(2) of whom shall be Independent Directors. The current membership of the BNRGC is shown in **Appendix 1**.

3.1.2 The Board shall fix the term of the BNRGC members.

3.1.3 The Board will, on an annual basis, review the composition of the BNRGC, and make any changes it deems appropriate.

3.1.4 The Board will have the power to appoint and remove any member of the BNRGC, and to fill all casual vacancies that may arise.

3.1.5 The Committee Chair will be appointed by the Board and shall be an Independent Director.

3.2 Attendance at Meetings

3.2.1 A quorum for any meeting shall be two members, one of whom shall be an Director. However, in the event that a member is unable to attend one or more forthcoming meetings, the committee may appoint an alternate for the member concerned for such select forthcoming(s).

3.2.2 Decisions of the Committee shall be taken unanimously

3.2.3 The BNRGC will meet at least once every year and may meet more frequently if so required in order to effectively discharge its mandate.

3.2.4 The BNRGC may invite such other persons to its meetings, as it deems necessary. It will also have the authority to engage independent advisors as it would deem necessary to effectively discharge its responsibilities.

3.2.5 The BNRGC members shall appoint the Secretary of the BNRGC

3.2.6 The Committee may deliberate on urgent matters by circulation. A resolution in writing shall be assented to by all Members for this to be as valid and effective as if it had been passed at a meeting of the Committee, duly convened and held. Any such resolution shall be tabled at the next meeting of the Committee for ratification.

3.3 Reporting Responsibilities

3.3.1 The BNRGC shall report directly to the Board through the Chairman of BNRGC

3.3.2 The report of the BNRGC shall form part of the Board agenda, and accordingly, minutes of BNRGC meetings shall be circulated to the Board and the BNRGC members.

3.3.3 The BNRGC shall regularly update the Board about the Committee's activities, and make appropriate recommendations.

3.3.4 The BNRGC shall review and update, at regular intervals, its Terms of Reference and receive approval from the Board on its updated Terms of Reference.

3.3.5 The BNRGC shall evaluate its own performance at least on an annual basis. It shall be guided by these Terms of Reference, the Guidelines on Corporate Governance issued by the Capital Markets Authority, and current best practice in this process.

4. Roles and Responsibilities

4.1 Nomination

With respect to nomination, the Committee's main role and responsibilities will include a review of and making appropriate recommendations to the Board on the following:

- 4.1.1 Assessment of I&M Holdings' Board's requirements for Independent Directors to ensure compliance with the Capital Markets Authority's Regulations and Guidelines on Corporate Governance for Public Listed Companies in Kenya, and setting up a transparent process for determining the necessary and desirable competencies of members of the Board, as well as the Board Committees. This process will take into account the mix of skills, experience and diversity required for the Board to effectively discharge its mandate.
- 4.1.2 Current Board composition to identify potential gaps and supporting implementation of corrective measures approved by the Board. Further, the Board, through the BNRGC, should on an annual basis, review its required mix of skills and expertise that the independent and non-executive directors, as well as executive directors, bring to the Board, and make disclosure of the same in the annual report.
- 4.1.3 Board succession planning consistent with Board composition policy in line with the established framework under (1) above.
- 4.1.4 Identification of appropriate Induction programs for new Directors and supporting implementation of these programs to ensure they remain effective.
- 4.1.5 Identification of appropriate development programs to build the skills of individual directors and improve the effectiveness of the Board as a whole
- 4.1.6 Evaluation of the overall performance and effectiveness of the Board, Board's Chairman and that of individual Directors.
- 4.1.7 Evaluation of the Executive Directors and Chief Executive Officers or Managing Directors performance.
- 4.1.8 Review of succession plans for key senior staff and determination of any interventions which may be required to safeguard the Group's interest in this regard.

4.2 Remuneration

With respect to Remuneration, the Committee's main role and responsibilities will include a review of and making appropriate recommendations to the Board on the following:

- 4.2.1 Remuneration policies and strategic objectives of the Board of Directors to ensure that these are well aligned to fostering of long-term growth and success.
- 4.2.2 Amount of fees to be paid to Independent and Non-Executive Directors for their roles/responsibilities in the Main Board as well as at Board Committee level. This will take cognizance of the role of Board Chairman and the Chairpersons of the respective Committees.
- 4.2.3 Proposals for new or amended policies on redundancy and early retirement
- 4.2.4 Policies in relation to the Group Employee Share Ownership Plan Scheme and providing appropriate guidance to the appointed Trustee as and when required.
- 4.2.5 The Committee may also deal with any other related matter(s) as may be identified and delegated to it by Board, from time to time.

4.3 Governance

The Committee shall:

- 4.3.1 Determine, agree, develop and ensure implementation of the Group's general policy on corporate governance in accordance with prevailing corporate governance principles and best practices. Further it shall periodically review and assess the completeness and effectiveness of the Group's policies and initiatives on corporate governance.
- 4.3.2 Ensure that each of the banking subsidiary and other significant subsidiary in Kenya has put in place the necessary policies, procedures and guidelines for communication and awareness of the requirements of the Code to all its directors, management and staff and further that all management decisions are made in accordance with prudent corporate governance practices
- 4.3.3 Ensure that each of the banking subsidiaries and joint venture entities outside Kenya has put in place the necessary policies, procedures and guidelines for communication and awareness of the requirements of the respective local laws and regulations on corporate governance to all its directors, management and staff and

further that all management decisions are made in accordance with prudent corporate governance practices

- 4.3.4 Make recommendations to the Board on all corporate governance provisions to be adopted and especially in terms of transparency and disclosure requirements so that the Board remains effective and compliant with the Code as may be amended from time to time
- 4.3.5 Receive and review the Management letter, audit opinion and such other papers and presentations as may be submitted by the Governance Auditor appointed by the Company in Kenya.
- 4.3.6 Receive and review status updates on an annual basis compliance with local laws and regulations in relation to corporate governance from each of the banking subsidiaries and joint venture entities outside Kenya
- 4.3.7 Receive and review the Statement of Corporate Governance to be published in the Annual Report taking into account the “Apply or Explain” principle as per the Code.
- 4.3.8 Periodically review the Board Charter and make recommendations to the Board for amendments as may be required.

5. Appraisal of the Committee’s performance

The BNRGC shall evaluate its own performance at least on an annual basis. It shall be guided by this terms of reference, the guidelines on corporate governance issued by the Capital Markets Authority and CBK prudential guidance as well as current best practice in this process. The committee will also review its charter at least once every year to ensure it is up to date and consistent with its mandate, objectives and responsibilities and obtain the Board’s approval for the changes thereof.

Amendments to the charter were approved by the BNRGC committee during its meeting held on 11th January 2019.

Signed by the Chairman.....

Date:

APPENDIX 1

MEMBERSHIP **BOARD NOMINATION REMUNERATION & GOVERNANCE** **COMMITTEE**

The Members of BNRGC are:

1. Mr Michael Turner - Independent Director & Committee Chairman
2. Mr. Daniel Ndonge - Independent Director
3. Mr Sarit S Raja Shah – Group Executive Director

Regular invitees to the committee

1. Mr. Kihara Maina – Chief Executive Officer, I&M Bank Limited (IMBL)
 2. Ms. Bilha Kinyanjui – Company Secretary
 3. Ms. Priscilla Ndonga – General Manager – Human Resources (IMBL)
 4. Ms. Gauri Gupta – General Manager – Corporate Advisory (IMBL)
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