



# **BOARD NOMINATION REMUNERATION & GOVERNANCE COMMITTEE (BNRGC)**

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**Document Approvals**

Original Approval Date	
Original Approval Authority	<b>Board Nomination, Remuneration &amp; Governance Committee</b>
Advisory Committee to Approval Authority	<b>Board Nomination, Remuneration &amp; Governance Committee</b>
Date Approved/Last Reviewed:	<b>March 2023</b>
Responsible Executive:	<b>Regional Chief Executive Officer</b>
Policy Owner:	<b>Regional Chief Executive Officer</b>
Contact Person:	<b>Company Secretary</b>
Functional Applicability & Audience:	
Current Revision Date:	<b>September 2023</b>
Date Approved:	<b>19<sup>th</sup> September 2023</b>
Next Review Date:	<b>2025</b>
Version:	<b>5.0</b>
Notes	

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## 1. Overall Purpose and Objectives

The Board Nomination, Remuneration & Governance Committee (BNRGC) of I&M Group Plc ('the Group') shall assist the Board in fulfilling its responsibilities by: This Terms of Reference set out the composition and structure of the Board Nomination, Remuneration & Governance Committee (BNRGC) as well as its roles and responsibilities.

The BNRGC 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/Alternate 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. Organization

### 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 a regular 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 Independent Non-Executive 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 meeting(s).
- 3.2.2 Decisions of the Committee shall be taken unanimously; however, no member will be involved or vote on committee decisions in regard to his/ her own remuneration.
- 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.

## **4. Roles and Responsibilities**

### **4.1 Nomination**

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

- 4.1.1 Assessment of I&M Group's Board requirements for Non-Executive Directors to ensure compliance with the Companies Act, the Capital Markets Authority's Regulations and Guidelines on Corporate Governance Practices for Issuers of Securities to the Public (2015) and any other relevant legislation, 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 consider the mix of skills, experience and diversity required for the Board to effectively discharge its mandate.
- 4.1.2 Vetting of any Alternate Director nominated by a substantive Director using similar criteria for the nomination of substantive Directors. There will be no distinction between Directors and Alternate Directors in terms of their duties and responsibilities.
- 4.1.3 Review of the current Board composition to identify potential gaps and supporting implementation of corrective measures approved by the Board. Further, the Board, through the BNRGC, should at least every 2 years, review the mix of skills and expertise that the independent and non-executive directors, as well as executive directors, bring to the Board. Through this process BNRGC will ensure that the Board comprises 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. The Board will make disclosure of the same in the annual report.
- 4.1.4 Board succession planning across the various entities in the Group consistent with Board composition policy in line with the established framework under 4.1.1 above.
- 4.1.5 Development of appropriate Induction programs for new Directors and supporting implementation of these programs to ensure they remain effective. The induction will include meetings with Directors and senior management to assist the new Director to understand how the Company works.
- 4.1.6 Identification of appropriate development programs to build the skills of individual directors and improve the effectiveness of the Board as a whole. The 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 by the BNRGC each year.

- 4.1.7 Review of the Group Executive Director, Regional Chief Executive Officer and Group Chief Operations Officers' performance annually.
- 4.1.8 Evaluation of the overall performance and effectiveness of the Board annually in line with best practice and the requirements of the CBK Prudential Guidelines. Where required the Committee may work with independent governance specialists to undertake the evaluation. The evaluation will include the following
  - (i) the Board as a collective body
  - (ii) Individual directors
  - (iii) the Chairperson
  - (iv) Board Committees
  - (vi) Group Executive Director/ Group CEO as applicable
  - (viii) the Company Secretary
  - (ix) any other Executive Directors'/Chief Executive Officers' performance
- 4.1.9 The Committee will annually review the overall effectiveness of the Boards in subsidiary entities. Summary reports from the board evaluations undertaken in the respective entities will be reviewed to facilitate the Committee's mandate on board succession planning across the Group.

## 4.2 Remuneration & HR Matters

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 areas and in line with the principles outlined in the Board Charter:

- 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. BNRGC will ensure that there is a remuneration policy approved by the Board and in which a relation between risk and income is stipulated.
- 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 Directors' remuneration will be reviewed once every 2 years. The remuneration of the Directors will be debated and recommended by the Board to the Shareholders and will be subject to shareholder approval and/or ratification as the case may be. Remuneration paid to the Directors shall be disclosed in the annual report in accordance with the provisions of The Companies Act, 2015 of the Laws of Kenya and other laws, regulations and guidelines issued by the regulator/(s) from time to time.
- 4.2.4 Proposals for new or amended policies on redundancy and early retirement.
- 4.2.5 Policies in relation to the Group Employee Share Ownership Plan Scheme and providing appropriate guidance to the appointed Trustee as and when required.
- 4.2.6 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.
- 4.2.7 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. For purposes of these Terms of Reference, key senior staff may be defined as staff at General Manager level and above.
- 4.2.8 Oversight on HR practices across the Group to enhance uniformity and consistency of HR policies and practices. This includes harmonization of the framework on reward and recognition, employee engagement, leadership competency & development, job evaluation, talent management, culture

transformation and any interventions required or put in place to improve employee engagement score.

### **4.3 Governance**

With respect to Governance, the Committee shall:

- 4.3.1 Determine, agree, develop and ensure implementation of the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ('the Code') and the Group's Corporate Governance Policy and Group Minimum Standards 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 subsidiaries and other significant subsidiaries in Kenya have 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 have 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 and internal policies 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 the Management letter, audit opinion and such other papers and presentations as may be submitted by the Legal & Compliance Auditor appointed by the Company in Kenya.
- 4.3.7 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
- 4.3.8 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.
- 4.3.9 Review reports on Related Party Transactions (RPT) from each subsidiary and approve related party transactions as applicable under the RPT policy as and when required.
- 4.3.10 Review reports on review reports on trading of Company's shares by insiders and confirm that the trades are compliant with the Insider Trading Policy.
- 4.3.11 Review reports on Corporate Social Responsibility (CSR) reports from each subsidiary.
- 4.3.12 Periodically review the Board Charter and make recommendations to the Board for amendments as may be required.
- 4.3.13 Annually review the progress or status updates on closure of action items arising from the Board Evaluation.

## **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 these Terms of Reference, the guidelines on corporate governance issued by the Capital Markets Authority and CBK Prudential Guidelines as well as current best practice in this process. The Committee will also review its charter regularly and in any event at least once every two years 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.



## 6. Appendix 1 - Membership

### BOARD NOMINATION, REMUNERATION & GOVERNANCE COMMITTEE (BNRC)

Members of this Committee are:

Name	Position	Role
Dr. Nyambura Koigi	Independent Non-Executive Director	Member and Chairperson
Mr. Oliver Fowler	Independent Non-Executive Director	Member
Mr Sarit S Raja Shah	Group Executive Director	Member
Mr. Kihara Maina	Regional Chief Executive Officer	Member

Permanent Invitees:

Position	Role
Chief Executive Officer, I&M Bank Limited (IMBL)	Invitee
Group Executive General Manager – Human Resources (IMBL)	Invitee
Group Executive General Manager – Corporate Advisory	Invitee

Secretary:

Position	Role
Company Secretary	Secretary

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## 7. APPROVAL:

	NAME	SIGNATURE	DATE
CHAIR BOARD NOMINATION, REMUNERATION & GOVERNANCE COMMITTEE	Dr. Nyambura Koigi .....	SIGNED .....	19.09.2023 .....
CHAIR BOARD OF DIRECTORS	Mr. Oliver Fowler .....	SIGNED .....	19.09.2023 .....