

## **I&M GROUP PLC BOARD DIRECTOR REMUNERATION POLICY EXTRACT**

### **1. INTRODUCTION**

The Board of Directors of I&M Group Plc (“the Company/Group”) has adopted this Board Directors’ Remuneration Policy (“the Policy”) to assist the Board to ensure that the Directors are sufficiently remunerated to attract and retain good Directors. The Board may modify or make exceptions to the Policy from time to time at its discretion in line with the duties and responsibilities owed to the Group and its shareholders and in line with the regulatory framework.

The remuneration of the Board shall be overseen by the Board Nomination, Remuneration and Governance Committee (BNRGC) as constituted by the Company’s Board. The remuneration may be reviewed periodically and adjusted by the Board based on the recommendations of BNRGC.

### **2. PURPOSE**

The purpose of this policy is to formalize the guidelines that are relied upon when considering the appropriate level of remuneration for Board Directors. This policy is designed to create value for shareholders, clients, employees, and communities while retaining and motivating an effective Board of Directors. The Group commits that the determination of the remuneration of each Director shall consider the financial (liquidity) status of the company, number of meetings attended by each Director and their respective terms of reference as outlined in their Letters of Appointment.

### **3. PRINCIPLES GOVERNING BOARD DIRECTORS’ REMUNERATION**

The Policy follows international best standards and the laws of Kenya. In particular, the main principles governing the remuneration of the Directors are to:

- 3.1 Ensure that the remuneration, in terms of structure and total amount, is in line with best practices, as well as competitive vis-à-vis that of comparable entities.
- 3.2 Establish the remuneration amounts for Executive Directors by following objective standards based on profitability and the achievement of the business strategy and long-term objectives of the Company;
- 3.3 Foster and encourage the attainment of the strategic goals of the Company through the inclusion of appropriate incentives, strengthening continuity in the competitive development of the Board Directors and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals;
- 3.4 Ensure there are appropriate incentives for Executive Directors to support their participation in the success of the Company and to incentivize them to achieve the Company’s targets in line with the Company’s strategy as set by the Board.
- 3.5 Ensure transparency and disclosure. The Board of Directors of the Company assumes the commitment to enforce the principle of transparency on the remuneration received by all Board Directors, providing clear and adequate information as required and in line with the good governance recommendations generally recognized under the law as pertains remuneration of Directors of listed companies.

### **4. DIRECTORS’ COMPENSATION**

#### **4.1 Non-Executive Directors Remuneration**

##### **4.1.1 Directors’ remuneration will be paid in the form of:**

- a) Directors’ Sitting Fees for attendance at Board and Board Committee and
- b) Fixed annual fees structured to compensate Directors for lending their name and goodwill to the Company’s Board and for their fiduciary duty.

##### **4.1.2 The structure of fees will be guided by the following principles:**

- a) Board Chair: (i) Retainer Fees payable to the Board Chairperson are determined as 1.25x fees payable to the other Directors.
- b) Board Sitting fees paid to Board Chairperson are determined as 1.20x fees payable to other Directors.
- c) Committees: Committee members are paid 0.85x of the fees paid to the Committee Chair.
- d) The Committees are categorized as below:
  - (i) Category 1 – Board Audit & Risk Management Committee (BARMC)

- (ii) Category 2 – Board Nomination Remuneration & Governance Committee (BNRGC) and Board Strategy Steering Committee (BSSC)
  - (iii) Category 3 – Board Sustainability Committee (BSC)
  - e) Category 1 (BARMC) Chairperson and members will be paid a higher level of fees given the responsibility and workload of this Committee.
- 4.1.3 Additional Sitting Fees will be paid for each training session attended by the Directors and any necessary *ad hoc* special Board meeting or short engagement such as conducting interviews for Senior Management.
  - 4.1.4 Non-Executive Directors' allowances shall be compensated in cash only. There are currently no share-options availed to Non-Executive Directors or any other form of non-cash remuneration.
  - 4.1.5 Any issues in relation to the remuneration of the Executive Directors and other Senior Management, as well as of the other Non-Executive and Independent Directors will be dealt with by the Board or a committee of the Board where such authority is delegated to the committee.
  - 4.1.6 The Directors remuneration will be reviewed by the Board once every 2 years

#### **4.2 Special Assignments**

- 4.2.1 The Board may from time to time call upon one or more Directors to undertake an assignment for the Group. In such instances, the Director(s) will be entitled to be compensated for time spent on such ad hoc and one-off assignments.
- 4.2.2 An exception will apply where a Director conducts an assignment that spans several days or weeks. For this, separate remuneration will be negotiated and agreed upon with the Director.
- 4.2.3 Where a Director is called upon to sit on an advisory committee or Management Committee, the Director will be remunerated on the same terms as for the substantive Board committee of which he/she is a member.
- 4.2.4 Any compensation to a Director that is not in the normal course of their duties will be tabled to the Board for noting.

#### **4.3 Directors' Remuneration Report**

Directors' remuneration is retroactively approved by shareholders at the annual general meeting upon a proposal of the Board (as recommended by the BNRGC) made within the framework of this Policy. The Company shall also publish annually the Director's Remuneration Report in its annual report.

#### **4.4 Benchmarking**

- 4.4.1 Management will present a report to the BNRGC every two (2) years, comparing the Company's Director compensation with that of comparable companies. The BNRGC will review the benchmark report and ensure that Directors are compensated competitively according to comparable companies.
- 4.4.2 Non-executive Directors and Independent Directors will be entitled to competitively determined compensation which may not be respectively higher than that of Executive Directors.
- 4.4.3 Alternate directors, if any, are entitled to the same level of compensation as the director they are alternating for.

#### **4.5 Prohibition of Tax- free Payments to Directors**

The Companies Act, 2015 prohibits the remuneration of Directors free of income tax. As such, all payment of remuneration will be subject to statutory deductions as outlined in the laws and regulations.

#### **4.6 Director Share Ownership**

There is no requirement for directors to hold shares. However for good governance and transparency, the Company shall maintain a register showing for each Director, the number, description and amount of any shares in or debentures of the Company or any other body corporate, being the Company's subsidiary or holding company, or a subsidiary of the Company's holding company, which are held by or in trust for him/her or of which he has any right to become the holder (whether on payment or not).

**4.7 Share Trading**

Directors shall declare their intention to purchase or sell shares in the Company before transacting to avoid trading at a time when there may be undisclosed material non-public information. In any case, all share trading activities by the Directors must be guided by the Group’s Insider Trading Policy.

**4.8 Directors & Officers Insurance**

All Directors shall be beneficiaries of a directors and officers’ liability insurance policy ("D&O") at market conditions for this type of coverage.

**4.9 Benefits & Loans**

Non-Executive Directors will not be entitled to any terminal benefits, compensation for loss of office or pension related benefits.

**5. Review of policy**

The Board will review this Policy every so often and as required to ensure it remains consistent with the Board’s objectives and responsibilities but at least once every 3 years

| <b>POLICY APPROVAL:</b>                                                                      |                    |                  |                                 |
|----------------------------------------------------------------------------------------------|--------------------|------------------|---------------------------------|
|                                                                                              | <b>Name</b>        | <b>Signature</b> | <b>Date</b>                     |
| <b>CHAIRPERSON<br/>BOARD NOMINATION,<br/>REMUNERATION &amp;<br/>GOVERNANCE<br/>COMMITTEE</b> | DR. NYAMBURA KOIGI | SIGNED           | 24 <sup>TH</sup> SEPTEMBER 2024 |
| <b>CHAIRPERSON<br/>BOARD OF DIRECTORS</b>                                                    | MR. OLIVER FOWLER  | SIGNED           | 26 <sup>TH</sup> SEPTEMBER 2024 |

***\*The original duly signed policy document remains available at our offices for reference.***