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## BOARD CHARTER

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## **BOARD CHARTER**

### **1. PURPOSE**

This charter sets out the key values and principles of the Board of directors of Eveready East Africa Limited (“Company”).

It provides a concise overview of: the role and responsibilities of the board of directors; powers of the board and board committees; separation of roles between the Board and Management; and the practice of the board in respect of corporate governance matters.

This Board Charter is subject to the provisions of the Companies Act, the Company's Memorandum and Articles of Association and any applicable law or regulatory provision.

### **2. ROLE OF THE BOARD**

- a) The Board is the ultimate decision making body of the Company.
- b) The Board is responsible for establishing sound system of internal control for the Company.
- c) The Board is responsible for overseeing the corporate governance framework.
- d) The Board is responsible for: adoption of strategic plans and policies; monitoring the operational performance; establishing policies and processes that ensure integrity of the Company's internal controls; and risk management.
- e) The Board is responsible for establishing clear roles and responsibilities in discharging its fiduciary and leadership functions.
- f) The Board is responsible for ensuring that management actively cultivates a culture of ethical conduct and sets the values to which the institution will adhere.
- g) The Board is responsible for ensuring that the strategies adopted promote the sustainability of the company.
- h) The Board is responsible for establishing policies and procedures for effective operations of the Company.
- i) The Board shall establish appropriate staffing and remuneration policies for all employees as required.
- j) The Board shall ensure the Company's compliance with all applicable laws, regulations, governance codes, guidelines and regulations and establish systems to effectively monitor and control compliance across the Company.

### **3. MATTERS RESERVED FOR THE BOARD**

- a) The Board reserves specific powers to itself and delegates other matters to the management of the Company.
- b) The Board delegates its day to day powers and duties to the Chief Executive Officer and to the Executive Team which in turn will make further delegations as required by law.

#### **4. DELEGATION OF AUTHORITY**

- a) Effective governance of the Company requires management to be involved in all significant decisions, and to be accountable to the Board. All delegated authorities must emanate from the Board.
- b) In establishing delegated authorities, whether for risk/business approval, financial expenditure approval, or other approvals, the Company mirrors the finance policies & procedures' requirements in terms of delegations of authority, in respect of both quantum and individuals to be granted authority.
- c) The CEO must raise with the Board any matter of significance affecting the Company which requires the Board's attention, including any matters which exceed the delegated authority of the executive management.

#### **5. COMPOSITION OF THE BOARD**

- a) The Board shall be optimally constituted giving consideration to the size and nature of the Company's business and its subsidiaries.
- b) The Board shall ensure that it comprises a diverse mix of skills and expertise critical for effective oversight on the management of the company. This shall be underscored by ensuring that each member has the requisite skill and access to the necessary tools required for their effective performance.

##### **5.1. Appointment and Remuneration of Board members**

- a) The Board shall consist of both Non-Executive Directors and Executive Directors as shall be determined from time to time and subject to regulatory requirements. The Board shall recommend Directors for appointment by the shareholders at the Annual General Meetings (AGMs). Independent Non-Executive Directors (INEDs) shall be appointed as per regulatory requirements.
- b) The Chairman of the Board shall be appointed by the Board and must be a nonexecutive director.
- c) The number of Board members shall be as determined by the Company's Articles of association and regulatory requirements.
- d) All directors must disclose outside directorships and inform the Company Secretary of any changes to such directorships as soon as the changes take place.
- e) Executive directors intending to accept a board position outside of the Company for personal interests must receive prior clearance from the relevant governance head. Such appointments should be limited to one, subject to regulatory requirements and there must be no conflict of interest.
- f) The Board shall establish and approve formal and transparent remuneration policies and procedures for Board members. Executive directors will not be paid any directors' fees in addition to their regular remuneration.
- g) Directors' remuneration package shall be adequately disclosed in the director's remuneration report and shall retroactively be approved by shareholders in an Annual General Meeting.

## 6. BOARD INDEPENDENCE

To enhance independence, the Board shall avail an environment that ensures the members are critical and independent of one another so as to promote independent and objective judgement.

There shall be an annual review to evaluate the company's succession planning needs with regard to Independent Non-executive Directors. Prior to appointment, Independent Non-Executive Directors shall be required to satisfy the following criteria:

- a) have no conflicts of interest;
- b) have appropriate professional skills, training and background;
- c) bring influence and stature in the local market, including government, regulators and the business community;
- d) add to Board diversity but also fit with the existing board (directors from different sectors, industries including financial sector etc);
- e) have no political appointments;
- f) be financially stable;
- g) be able to devote sufficient time to the role and be willing to attend the scheduled board meetings in person. and only join by phone or video conference, if absence would otherwise be unavoidable;
- h) be independent as defined by local regulations;
- i) satisfy the requirements under the applicable local regulation and
- j) must not have served for more than nine years since they were first elected as an Independent Director.

## 7. ACCESS TO INFORMATION AND INDEPENDENT ADVICE.

- a) The Board may from time to time require independent legal, financial, governance or other expert advice. To facilitate this, the Board shall ensure members obtain external advice, as may be required, at the company's expense and shall invite senior management to provide technical advice as needed.
- b) The Board shall establish procedures to allow its members access to relevant, accurate and complete information and professional advice in order to discharge its duties effectively.

## 8. BOARD TRAINING

- a) Each Board member shall participate in an induction program that is tailored to effectively orient the member to the Company's business, strategy, objectives, policies, procedures, operations, senior management and the business environment. The induction shall also include all the necessary information that shall be required by a member for effective performance on the Board. New Board members shall also be introduced to their fiduciary duties and responsibilities as well as any other aspects that are unique to the business.
- b) Board members should have a clear understanding of their role in corporate governance and be able to exercise sound and objective judgment about the affairs of the Company.
- c) The Board shall ensure adequate Board development through continuous training to keep the Board well informed on critical information pertinent to the business and corporate governance environment.

- d) The Board shall conduct an annual review to identify the training needs for each member on a regular basis and facilitate up skilling as well as continuous development.

## 9. BOARD EVALUATION

- a) For improved Board effectiveness, the Board shall carry out an assessment of its performance the performance of the Chairperson, that of its committees, individual members, the Chief Executive Officer and the Company Secretary.
- b) The Board shall discuss the results of the evaluation exercise which shall also inform the Board on the training needs for its members.
- c) The Board shall disclose whether evaluation of the Board, the chairperson, the Chief Executive Officer and company secretary has been undertaken in the annual report and financial statements of the company.

## 10. ROLE OF THE CHAIR AND CEO

The Board shall elect a chair who shall be an independent director. The CEO shall keep the Chair informed about the business of the Company.

The Role of the Chair shall be to:

- a) Provide leadership to the Board and ensure its effectiveness in all aspects of its role. The Chair shall set the Board agenda with the assistance of the Chief Executive Officer and Company Secretary;
- b) Facilitate the effective contribution of non-executive directors and encourage constructive relations between executive and non-executive directors.
- c) Monitor attendance at Board meetings;
- d) To ensure that there is a robust process for Board succession and that a current pool of candidates has been identified;
- e) Develop the strategy of the Company, together with the CEO, and ensure the Board is fully appraised and has the opportunity to debate the strategic direction of the Company;
- f) Put in place and maintain an effective delegation of authority structure to provide effective management and control over the Company's business with the assistance of the CEO;
- g) Communicate effectively with the Company's stakeholders. The stakeholders include, where applicable, shareholders, regulators, governments, customers, staff and the communities within which the Company operates;
- h) Together with the CEO, to ensure that the Company communicates effectively with shareholders, stakeholders, governments, financial institutions, the media, the public and any relevant special interest groups who have a legitimate concern or involvement with the business of the Company;
- i) Ensure that the views of the shareholders are communicated to the Board as a whole;
- j) Chair the Annual General Meeting and all other shareholder meetings of the Company;
- k) Together with the CEO and Company Secretary, ensure that the Company operates to the highest standards of corporate governance;
- l) Manage the training needs of each board member and ensure development;
- m) Ensure the Board undertakes continuous development in order to enhance governance practices within the Board itself and in the interest of the Company.

The role of the CEO shall be to:

- a) Ensure that the policies spelt out by the Board in the Company's overall corporate strategy are implemented;
- b) Identify and recommend to the board competent officers to manage the operations of the institution. In the fulfilment of this duty, the CEO should ensure that the institution's human resources policy is adhered to;
- c) Co-ordinate the operations of the various departments within the institution;
- d) Establish and maintain efficient and adequate internal control systems;
- e) Design and implement the necessary management information systems in order to facilitate efficient and effective communication within the institution;
- f) Ensure that the Board is frequently and adequately appraised about the operations of the institution through presentation of relevant board papers, which must cover, but are not limited to, the following areas:
  - Actual performance compared with the past performance and the budget together with explanations of all the variances.
  - Capital structure and adequacy.
  - Advances performance in particular problem loans, losses, recoveries and provisions.
  - Income and expenses.
  - All insider transactions that benefit directly or indirectly any officer or shareholder of the institution.
  - Report on violation of laws and remedial activities undertaken to ensure compliance with the listed company regulations and guidelines.
  - Any other areas relevant to the institution's operations.
  - Ensure that the institution complies with all the relevant laws in the execution of its operations.
  - Any other duties as may be assigned by the Board from time to time.

## **11. DUTIES OF BOARD MEMBERS**

Each Board member shall have the fiduciary duty to—

- a) Exercise a reasonable degree of care, skill and diligence;
- b) act in good faith and in the best interests of the company and not for any other purpose;
- c) act honestly at all times and must not place themselves in a situation where personal interests conflict with those of the company;
- d) exercise independent judgement at all times;
- e) devote sufficient time to carry out their responsibilities and enhance their skills;
- f) promote and protect the image of the company;
- g) owe their duty to the company and not to the nominating authority; and
- h) owe the company a duty to hold in confidence all information available to them by virtue of their position as a Board member.

## **12. THE COMPANY SECRETARY**

The Board shall appoint a Company Secretary to assist and advice the Board and all Board Members.

The Company Secretary is the Secretary of the Board and is charge with the following responsibilities:

- a) to provide guidance to the Board on its duties and responsibilities and on other matters of governance;
- b) to ensure that the Board complies with its obligations under the law and the Company articles of association;
- c) to assist the Chairperson of the Board in organizing the Boards activities;
- d) to assist the Board with evaluation exercise;
- e) to coordinate the governance audit process;
- f) to maintain and update the register of conflict of interest;
- g) to facilitate effective communication between the organization and the shareholders; and
- h) to carry out any other duties as may be assigned by the Board from time to time.

### **13. BOARD COMMITTEES**

- a) The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the applicable laws.
- b) The Board has established the following committees:
  - Board Audit Committee
  - Board Finance & Risk Committee
  - Board Nomination & Remuneration Committee
- c) The Board shall appoint the Chairpersons of the Committees and shall approve appropriate terms of reference for the Committees.
- d) Reporting obligations:
  - The Committees shall report to the Board on matters referred to it by the Board and on the proceedings following each meeting of the committee. The report shall include findings, matters identified for specific recommendation to the Board, action points and any other issues as deemed appropriate.
  - The committees shall liaise with each other in so far as it is expedient to effectively perform their different roles.
- e) The Board remains collectively responsible for the decisions of any committee and shall review the effectiveness and performance of committees annually.
- f) The Board may be required to establish other committees from time to time.

### **14. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS**

- a) All directors are required to:
  - Declare any interests that may give rise to potential or perceived conflict e.g. multiple directorships, business relationships or other circumstances that could interfere with exercise of objective judgment;
  - Declare as soon as they become aware that a subject to be discussed at a Board or committee meeting may give rise to a conflict of interest at the outset of the applicable meeting. The conflicted director shall not participate further in the discussion of that subject, nor vote on it. This is subject at all times to the provisions of the local regulations, Articles of Association or other constitutional documents of the Company.
- b) The Board shall evaluate all potential or perceived conflict of interest as declared and shall approve such transactions with the company as may be appropriate.
- c) A register of declared Conflicts of Interest shall be maintained by the Company Secretary.

## **15. CODE OF CONDUCT**

- a) The Board shall adopt a Code of Conduct for all directors and employees that addresses, among other things, conflict of interest and which shall be reviewed and updated regularly. A summary of this code shall be made available on the company's website.
- b) The Company shall adopt effective whistle blowing mechanisms that encourage staff and other stakeholders to bring out information helpful in enforcing good corporate governance practices.

## **16. RELATIONS WITH SHAREHOLDERS**

- a) The Board shall recognize, respect and protect the rights of shareholders and shall ensure equitable treatment of all shareholders in the same class of issued shares whether minority, institutional or foreign.
- b) The Board shall provide shareholders with information as is required under the applicable law and shall establish mechanisms to ensure effective communication with shareholders.

## **17. RELATIONS WITH STAKEHOLDERS**

- a) The Board shall have a stakeholder-inclusive approach and will be responsible for giving due consideration to the legitimate interests and expectations of the Company's stakeholders in its deliberations, decisions and actions.
- b) The Board shall establish effective communication with the Company's stakeholders including the media as may be appropriate.

## **18. CHARTER REVIEW**

The Board shall review this charter periodically.

**Eveready East Africa Limited  
Board of Directors**