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**BOARD CHARTER**  
**CAR & GENERAL PLC**

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## 1. INTRODUCTION

The Board of Directors ("the Board") of Car & General Plc ("the Company") acknowledges the need for a Board Charter ("Board Charter" / "Charter") as recommended in the Companies Act No. 17 of 2015 ("The Act"), and other prescribed or recommended legal and governance codes and provisions.

This Board Charter is subject to the provisions of the Act and its Regulations, the Company's Memorandum of Incorporation ("MOI"), other relevant laws, regulatory and supervisory prescripts, and applicable corporate governance principles, codes and best practices.

## 2. PURPOSE OF THE BOARD CHARTER

This charter sets out the key values and principles of the Board of directors of Car & General Plc ("Company").

The purpose of the Board Charter is to set out the Board's role and responsibilities, its authority, composition, functioning and other related matters. It serves as a source of reference for existing and new directors, and all directors on the Board should read and be familiar with the contents of this Charter.

## 3. RELATIONSHIP BETWEEN HOLDING AND SUBSIDIARY COMPANIES

3.1 Car and General Company is a holding company with subsidiary companies. It is a legal entity registered and incorporated in Kenya and listed in the Nairobi Stock Exchange.

The Directors shall, notwithstanding the separate legal persona of the Company, take cognizance at all times of directives, policies and processes applicable to Car & General Plc and its subsidiaries and, in order to avoid duplication of governance within the group, comply with the provisions thereof, as applicable and without reservation, unless legal precluded to do so.

## 4. BOARD COMPOSITION

- 4.1 The full Board determines the size of the Board, subject to relevant laws, regulation, the provisions of the Company's MOI and recommended practices.
- 4.2 The Board shall consist of a sufficient number of non-executive directors and independent directors to promote objectivity in decision-making by the Board.
- 4.3 The Board shall consist of an appropriate number and mix of individuals to ensure that there is an overall adequate spread and level of knowledge, skills and expertise at board level commensurate with the nature, scale and complexity of the business and risks of the insurers.
- 4.4 All appointments to the Board will be made through a formal and transparent process, and will be a matter for the Board as a whole or relevant Board Committee (duly mandated), taking into account Car & General Plc policies.
- 4.5 Selection of Directors should, *inter alia*, take cognisance of having a balanced Board in terms of diversity, skills, gender and age.

- 4.6 The Board shall comprise of Directors with the appropriate skills to ensure that it is able to carry out its duties.
- 4.7 The Board shall, on an annual basis, appoint from amongst its members a Chairperson, of the Company, who shall be an independent non-executive Director.
- 4.8 The appointment, rotation, resignation and removal of Directors shall be done in accordance with the Company's MOI.
- 4.9 The necessary induction and training for Directors shall be provided by the Centre for Corporate Governance in Kenya, as and when required.
- 4.10 Directors can hold four (4) board positions at any one particular time.
- 4.11 The Chairman can only chair two (2) boards of listed companies at any one particular time.

## 5. ROLES AND RESPONSIBILITIES

The Board shall act at all times in the best interests of the Company and take ultimate responsibility for the Company's performance, affairs, actions and decisions. The Board shall:

- 5.1 Determine and oversee the implementation of the Company's business objectives and strategies for achieving those objectives. Review the business objectives and strategies regularly to be consistent with the long-term interests and viability of the business and the legitimate interests of its stakeholders and policyholders.
- 5.2 Ensure that the roles and responsibilities allocated to the Board and Managing Executives are clearly defined so as to promote an appropriate separation of oversight function from management responsibilities.
- 5.3 Ensure that there are adequate policies and procedures relating to the appointment, dismissal and succession of Managing Executives.
- 5.4 Monitor that Directors and Managing Executives and persons that control the Company at all times meet the Company's fit and proper requirements in order to facilitate the sound and prudent management of the business.
- 5.5 Provide oversight in respect of the design and implementation of sound risk management and internal control systems and functions.
- 5.6 Adopt and oversee the effective implementation of Company policies and procedures.
- 5.7 Ensure reliable and transparent financial reporting for public and supervisory purposes.
- 5.8 Implement systems and controls to ensure the promotion of appropriate, timely and effective communications with the regulatory body, relevant stakeholders on the governance of the Company, in order to enable informed judgments to be made on matters such as the effectiveness of the Board and Managing Executives in governing the Company.
- 5.9 Adopt appropriate policies and procedures to oversee Managing Executives' responsibilities to:-
  - carry out the day-to-day operations of the Company effectively and in accordance with the Company strategies, policies and procedures;
  - promote a culture of sound risk management, compliance and policyholder protection;
  - provide the Board with adequate and timely information to enable it to carry out its duties and functions, including the monitoring and review of the performance and risk exposures of the Company, and the performance of Managing Executives; and
  - provide relevant stakeholders and the regulatory authority with the information required to satisfy legal and other obligations applicable to the Company or Managing Executives.



- 5.10 Regularly monitor and evaluate the adequacy and effectiveness of the Company's governance framework and notify the regulatory authorities of any shortcomings and the reasons therefor, as required.
- 5.11 Approve matters requiring general or specific Board approval in terms of legislation.
- 5.12 Deal with matters reserved exclusively for itself in terms of the Company's Delegation of Authority process.
- 5.13 Undertake such other roles and responsibilities as may be prescribed by applicable legislation and/or regulations, including functions that may be delegated to the Board.
- 5.14 Perform responsibilities required by relevant Board approved policies including the review and approval of such policies.
- 5.15 Undertake to complete the director performance assessments as approved by the Board from time to time.

## 6. ROLE OF THE CHAIRMAN, CEO AND COMPANY SECRETARY

**Core functions performed by the Chairman of the Board should include but not be limited to the following:**

- 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.
- Facilitate the effective contribution of non-executive directors and encourage constructive relations between executive and non-executive directors.
- 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.
- 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;
- 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;
- Set the ethical tone for the Board and the Company;
- Providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members;
- Presiding over Board meetings and ensure that time allocated to meetings are used productively. The Chairman should encourage collegiality amongst Board members without inhibiting candid debate and creative tension amongst board members;
- Acting as the link between the Board and management and particularly between the Board and the CEO ensuring that directors play a full and constructive role in the affairs of the company and take a lead role in the process for removing non-performing or unsuitable directors from the board; and
- Ensuring that decisions by the Board are executed timeously.

**The role of the CEO shall be to:**

- Ensure that the policies spelt out by the Board in the Company's overall corporate strategy are implemented;
- 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;
- Co-ordinate the operations of the various departments within the institution;
- Establish and maintain efficient and adequate internal control systems;
- Design and implement the necessary management information systems in order to facilitate efficient and effective communication within the institution;
- 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.
  - Report on violation of laws and remedial activities undertaken to ensure compliance with the regulators
  - Any other areas relevant to the institution's operations.
  - Any other duties as may be assigned by the Board from time to time.

**The role of the Company Secretary shall be to:**

- Arrange meetings of directors and Shareholders. Issue notices of meetings, preparation of agenda, circulation of the relevant documentation and taking and producing minutes.
- Maintaining of the institution's statutory records.
- Filing of annual returns.
- Responsible for ensuring that Board procedures are complied with, advising the Board on all governance matters.
- Supporting the Chairman and helping the Board function efficiently.

**7. DELEGATION**

- 7.1 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.
- 7.2 In establishing delegated authorities, whether for risk/business approval, financial expenditure approval, or other approvals, the Company mirrors Car & General delegations of authority, in respect of both quantum and individuals to be granted authority.
- 7.3 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.
- 7.4 The Board shall delegate certain functions to well-structured committees but without abdicating its own responsibilities.

- 7.5 The Board will assess whether and to what extent the establishment of committees of the Board, or *ad hoc* committees, is necessary and appropriate, having regard to the overall structure of Car & General Company. The Committees appointed may serve and fulfill the needs of the subsidiary entities within the group, unless specifically excluded, or precluded by law, or where separate in-country Board Committees have been or are required to be established.

## 8. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

- 8.1 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.
- 8.2 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.

## 9. BOARD TRAINING

- 9.1 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.
- 9.2 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.
- 9.3 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.
- 9.4 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.

## 10. BOARD EVALUATION

- 10.1 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.
- 10.2 The Board shall discuss the results of the evaluation exercise which shall also inform the Board on the training needs for its members.
- 10.3 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



## 11. MEETINGS AND PROCEDURES

### 11.1 Frequency

- The Board shall hold sufficient scheduled meetings to discharge all its duties as set out in this Charter and other relevant Company documents and policies as well as prescribed legislation.
- There shall be a minimum of 4 (four) meetings per year and additional meetings shall be held as and when necessary.
- A schedule of regular meetings for the following year shall be provided to the Directors at the end of each year.

### 11.2 Attendance

- Board members must attend all scheduled meetings of the Board, including meetings called on an *ad hoc* basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or Company Secretary.
- The Chairperson and CEO may invite employees and/or advisors to attend Board meetings whenever deemed appropriate, provided that such invitees may not vote at Board meetings.
- If the nominated Chairperson of the Board is absent from a meeting, the Directors present must elect one of the Directors amongst them to act as a Chairperson, subject to the provisions of the Company's MOI.
- If a Director is absent from three consecutive board meetings, the Chairman shall engage with the Director in connection with the matter.

### 11.3 Agenda and Minutes

- The Board shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.
- The Chairperson of the Board may meet with the CEO, CFO and/or the Company Secretary prior to a Board meeting to discuss important issues and agree on the agenda.
- The notice of each meeting of the Board, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with supporting documentation shall, other than under exceptional circumstances, be forwarded to each Director at least five (5) working days prior to the date of the meeting, unless alternative arrangements and timelines have been made with members.
- The content, presentation and delivery of agenda packs to Directors for each meeting will be in accordance with the guidelines agreed by the Board.
- The minutes of each Board meeting must be completed as soon as possible after the meeting. The minutes must be formally approved by the Board at its next scheduled meeting.

### 11.4 Quorum and Voting

- A quorum for meetings shall be the number of Directors specified in the MOI.
- Any non-Director in attendance at Board meetings shall not count towards the quorum for that meeting and shall have no voting rights where decisions are to be voted on.
- Wherever possible the Committee will take decisions on a consensus basis. Where consensus cannot be reached, voting shall take place by a show of hands. For record purposes, only the votes of the members of the Committee who are directors shall be counted, whether or not consensus is reached.
- A meeting may be conducted by way of electronic media such as video or telephone conferencing.



- Should the need arise for a decision to be taken by the Board and, due to urgency, the matter cannot be postponed until the next meeting, the required decision may be obtained by following the process as set out hereunder:
  - An appropriate memorandum must be prepared, addressing the relevant background facts and setting out the proposed resolution;
  - The Company Secretary must e-mail or fax the documentation to each member and advise the members of the time and date by which a written response is required;
  - For a decision to be legitimately taken by round robin procedure, the support of the majority of members is required in writing and signed by them (and for the purposes of this procedure, communication per fax and/or email will be regarded as being in writing). Should a Board member object to a decision, the remaining members of the Board must be advised of such objection;
  - The final decision must be conveyed to the full Board within a reasonable period of being finalized, and also be reported on at the next Board meeting and recorded in the minute book.

## 12. CONFLICTS OF INTEREST

- 12.1 Directors must disclose their personal financial interests, and those of persons related to them, in contracts or other matters in which the Company has a material interest or which are to be considered at a Board meeting. Directors are required to disclose any potential conflict of interest as soon as they become aware of it.
- 12.2 A Director shall not be disqualified, by virtue of his office, from contracting with the Company or any of its subsidiaries, provided that this is duly disclosed. However, each Director shall minimize the possibility of any conflict of interest with the Company, by restricting involvement in other businesses that would be likely to lead to a conflict of interest.
- 12.3 Full disclosure of the nature of a Director's interest in any matter before the Board, is required prior to commencement of meetings.
- 12.4 A Director may not vote on any matter in which he or she has an interest.
- 12.5 Where conflicts of interest do arise, Directors shall recuse themselves from any meeting at the discretion of the Chairperson and subject to complying with the provisions of any prescribed legislation.
- 12.6 A register of declarations of interest shall be kept and maintained by the Company.
- 12.7 Executive Directors must distinguish between their role as Director and that of manager. If these roles conflict, they should withdraw from the discussion and the voting. An executive Director, when acting as a Director as opposed to when acting as a manager, is not accountable to the CEO in the hierarchal sense for their actions or vote.
- 12.8 The Chairperson may with good reason request executive Directors to excuse themselves from any part of the Board meeting. This is especially so during deliberations relating to executive performance or remuneration.
- 12.9 Should the non-executive Directors meet without the executive Directors present, the non-executive Directors shall not resolve on, or engage in matters relating to the business of the company that would ordinarily require the involvement of executive Directors.

### 13. RELATIONS WITH SHAREHOLDERS

- 13.1 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.
- 13.2 The Board shall provide shareholders with information as is required under the applicable law and shall establish mechanisms to ensure effective communication with shareholders.

### 14. RELATIONS WITH STAKEHOLDERS

- 14.1 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.
- 14.2 The Board shall establish effective communication with the Company's stakeholders including the media as may be appropriate.

### 15. REVIEW

The Board shall adopt its detailed Terms of Reference which shall be reviewed periodically.

Signed by the Chairman: .....



Date: .....

27/01/2022