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**UPDATED CHARTER  
OF THE BOARD OF DIRECTORS OF CYTONN INVESTMENTS MANAGEMENT  
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**PASSED AND RATIFIED PURSUANT TO THE BOARD OF DIRECTORS' MEETING  
HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_**

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The Board of Directors ('the Board') of Cytonn Investments Management Plc ('the Company') has drawn up this Board Charter ('**Charter**') to regulate their relationship with each other and the Company and to conform to the practices and conduct on corporate governance. The Board has further formulated a Code of Conduct as a guideline policy by which the Board members are expected to conduct themselves in the day to day decision-making, provisions of which are stated in the Schedule hereto.

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

## **1. PURPOSE OF CHARTER**

This Charter sets out:

- 1.1. The roles, functions, obligations, rights, responsibilities and powers of the Board; and
- 1.2. the policies and practices of the Board in respect of its duties, functions and responsibilities.

## **2. COMPOSITION OF THE BOARD**

- 2.1. The Company shall maintain a Board, which shall consist of not less than five (5) directors and not more than eleven (11) directors. The said Board shall comprise two-thirds (2/3) executive directors and one-third (1/3) non-executive and independent directors.
- 2.2. The term of office of the Board members shall be organized in a manner that ensures that there is a smooth transition. One third of the Board members shall retire from office by rotation every year starting from the fifth year of operation (2019). The retiring members shall be determined on the basis of those who have served longest and, if they have served for the same period of time, then the retirement will be determined by lot. The retiring board members in any particular rotation shall be eligible for re-election if the Director so elects for a further period of service 'extension', and which extension when combined with their earlier term(s) shall not exceed a total term of nine (9) years.
- 2.3. The Chairman of the Board shall be an independent non-executive director.
- 2.4. The Board shall determine the terms and conditions of the appointed Chief Executive Officer of the Company, if any.

## **3. MEMBERSHIP OF THE BOARD**

- 3.1. The office of the Chairman of the Board and the Chief Executive Officer shall be separate. There shall at all times be a clearly defined division of responsibilities in both offices to ensure a balance of authority and power.
- 3.2. The members of the Board shall be expected to:
  - 3.2.1. acquire a working knowledge and understanding of the Company's business and the laws, regulations and customs that govern the activities of the business;
  - 3.2.2. keep abreast of changes and trends in the Investments Management and Real Estate industry, also keep abreast with the economic, political, social, technological and legal climate in general on the same;
  - 3.2.3. make independent and sound business decisions and recommendations; and
  - 3.2.4. exercise stewardship at all times and uphold the highest ethics in conduct.
- 3.3. The nature of office of directors shall be as follows:
  - 3.3.1. appointment and removal of directors shall at the first instance be the prerogative of the shareholders of the Company;
  - 3.3.2. The above notwithstanding, a director may choose to resign from directorship with the company, as further described in clause 3.9 below;
  - 3.3.3. directors shall be subject to retirement by rotation as outlined in clause 2.2
  - 3.3.4. the termination of service of any executive director shall be subject to the provisions of their individual employment contract and in accordance to the legislation in place.
- 3.4. Appointments to the Board shall only be on shareholder approval, as set out in the Articles.
- 3.5. On appointment to the Board, non-executive directors shall receive a formal service contract setting out clearly what is expected of them in terms of their roles and responsibilities, time commitment, committee service (if applicable) and involvement outside Board meetings. This Board Charter shall be attached to all such service contracts and be specifically incorporated by reference.
- 3.6. An induction programme aimed at an understanding of the Company, its operating environment and the markets in which it trades shall be conducted for all newly appointed directors.

- 3.7. The retirement age for an executive director shall be sixty-five (65) years. The Board shall however be entitled to re-elect an executive director who has passed the age of 65 years. There shall be no set retirement age for non-executive directors and they may continue serving on the Board, in an advisory capacity, even upon attaining the recommended statutory age of 70 years, in so far as they are of sound mind.
- 3.8. Any director shall be at liberty to accept appointments to other boards engaged in unrelated fields of business to the Company, provided that such appointments do not result in any conflicts of interest with the Company. The appointment of an executive director to another board shall be subject to approval by the Board of the Company.
- 3.9. Should a Board Member wish to resign from the Board of Directors, such a director shall be at liberty to resign from the Board by issuing a formal letter of resignation to the Board which shall be effective from the date of the resignation letter unless otherwise stated. Upon receipt of a Director's resignation, the board shall discuss the resignation at its next scheduled meeting.
- i. The Board members shall be at liberty to inform the Board vide the same letter whether they wish to remain in the Committees;
  - ii. The departing board member has to repay any loan balance in full. The HR Governance & Compensation Committee may at its own discretion issue any terms or conditions regarding repayment of the loan after receipt of the resignation letter;
  - iii. In the event of resignation by an executive board member, the off boarding process shall be inclusive of the internal HR off boarding policy;
  - iv. Within fourteen (14) days of resignation, the Company Secretary shall file the minutes, affidavit, CR 9, CR 19 and the resignation letter with the Registrar of Companies;
  - v. The annual Directors' report shall include notice to the shareholders of the resignation and reasons for resignation of director

#### **4. ROLE OF THE BOARD**

- 4.1. The Board shall assume ultimate accountability and responsibility for the performance and affairs of the Company and shall in so doing effectively represent and promote the legitimate interests of the Company and its shareholders. The Board, at all times, shall retain full and effective control over the Company and shall direct and supervise the business and affairs of the company.

- 4.2. In addition, the Board has a responsibility to the broader stakeholders, which include, inter alia, the present and potential beneficiaries of the Company's products and services, clients, investors, suppliers, lenders, employees, the media and the wider community to achieve continuing prosperity for the Company.
- 4.3. Directors, both executives and non-executives, carry full fiduciary responsibility and owe a duty of care and skill to the Company, its employees and clients.
- 4.4. The Board shall exercise leadership, enterprise, integrity and judgement in directing the Company's affairs to achieve continuing prosperity within the context of transparency and accountability.
- 4.5. The Board shall oversee, approve, monitor and review corporate strategy, major plans of action, Company policies, appropriate systems, annual budgets and business plans.
- 4.6. The Board shall establish broad performance indicators to enable it to gauge management's performance and the progress of the Company in attaining set goals, objectives and targets.
- 4.7. The Board shall develop clear definitions of the levels of appropriate materiality or sensitivity in order to determine the scope and delegation of its authority and to ensure that it reserves specific powers and authority for itself. All delegated authority shall be in writing and shall be evaluated on a regular basis.
- 4.8. The Board shall manage potential conflicts of interest of Board members, management, the shareholders and wider stakeholders.
- 4.9. The Board shall oversee the Company's values and ethics and shall ensure that an appropriate corporate code of conduct is in place.
- 4.10. The Board shall be responsible for ensuring that succession plans are in place for the Board as a whole, the chairman, Chief Executive Officer, non-executive directors, Board committee members, executive management and key posts (as determined by the Board from time to time) in the Company.
- 4.11. The Board shall manage and protect the Company's financial position with the aid of its Audit, Risk and Compliance Committee, and in so doing shall ensure that:
  - 4.11.1. the financial statements are true and fair and contain proper disclosures and conform with the law;

- 4.11.2. appropriate internal controls and regulatory compliance policies and processes are in place; and
- 4.11.3. non-financial aspects relevant to the business of the Company are identified and monitored.
- 4.12. The Board shall ensure that management implements and maintains an effective evaluation and management framework and ensure that key performance areas and key performance indicators of the Company's business are identified and monitored.
- 4.13. The Board shall ensure that the Company complies with all relevant laws, regulations and codes of business practice.
- 4.14. The responsibility for the day-to-day management of the Company shall vest with Chief Executive Officer within the powers and authorities delegated to him/her by the Board.
- 4.15. Board members shall have unrestricted access to all Company information, records, documents and property. The Company Secretary shall assist the Board or any member thereof in providing any information or document that may be required.
- 4.16. Board members shall monitor the social responsibilities of the Company and promulgate policies consistent with the Company's legitimate interests and good business practices and shall thus:
  - 4.16.1. subscribe to fair, equitable and non-discriminatory employment practices;
  - 4.16.2. preserve and protect the interests of the Clients they serve; and
  - 4.16.3. enhance and promote the industries that they practice in.

## **5. BOARD PROCEDURES**

- 5.1. The conduct of directors shall be consistent with their duties and responsibilities to the Company and consequently, indirectly to the shareholders.
- 5.2. Directors' responsibilities, rights, obligations and duties are set out in the Articles and in the Companies Act.
- 5.3. Directors shall comply with all relevant legislation and shall be required to maintain strict confidentiality of all information relating to the business of the Company.

- 5.4. The Board's discussions shall be open and constructive. The Chairman shall seek a consensus in the Board but may, where necessary, call for a vote. Discussions and records shall remain confidential unless a specific directive is received from the Board to the contrary.
- 5.5. The Board shall have sole authority over its agenda. Any director may request the Company Secretary to include an item on the agenda for discussion by and the decision of the Board.
- 5.6. At each meeting the Board shall, at a minimum, consider the matters laid out in the meeting agenda.
- 5.7. The Board shall:
  - 5.7.1. approve the annual budget and business plan;
  - 5.7.2. approve the annual and half-yearly financial statements and statutory reports and shareholders and public announcements;
  - 5.7.3. consider, and if appropriate, declare or recommend the payment of dividends;
  - 5.7.4. review the performance of Board committees, the Chief Executive Officer, Company Secretary, other directors and the associate directors;
  - 5.7.5. review the Chief Executive Officer's other directors' and the associate directors' remuneration; and
  - 5.7.6. review policies and practices in general (such as remuneration, corporate social responsibility, Company's organogram), as appropriate.
- 5.8. **Board Committees**
  - 5.8.1. The Board is authorised to establish committees to assist it in the execution of its duties, powers and authorities. The Board shall delegate to each of the committees established, such authority as is required to enable such committees to fulfil their respective functions.
  - 5.8.2. Each committee shall strive to have a minimum of five (5) members. The Executive Directors in each committee shall act as a Secretary to the Committee. Each Board Committee shall also maintain its own Chairman for the conduct of its meetings and its meeting outcomes.

- 5.8.3. The delegation of authority to Board committees shall not mitigate or discharge the Board and its directors from their duties and responsibilities.
- 5.8.4. The Board shall constitute the following committees: –
- a. Investments and Strategy Committee- This shall be the Committee that approves the Company Strategy and ratifies any matters of investment and strategy relevant to the Board.
  - b. Audit Risk and Compliance - This is the Committee that shall be tasked with assessing the risk incidences in the company as well as reviewing Audit reports and ensuring that recommendations made are followed. In addition, the committee shall be responsible for maintaining the legal and business compliance of the company.
  - c. Governance, Human Resources and Compensation Committee- This is the committee that shall concern itself with ensuring that the matters of governance in how the Board and its committees conduct themselves are in order. In addition, shall concern itself with staff matters, including but not limited to compensation.
  - d. Technology and Innovation Committee –This Committee is tasked with looking at Technology as a business driver whilst actively creating and maintaining an innovation culture from the Board level to permeate to all staff in the organization.
- 5.8.5. Board committees and members are under this charter authorised to obtain independent outside professional advice as and when considered necessary.
- 5.8.6. The Board shall be able to impose or revoke any regulation and/or delegation of authority, by which any committee or individual shall operate, at any time by recording its decision in the board minutes.

## **5.9. Matters reserved for Board decision**

- 5.9.1. The Board shall have due regard to the matters reserved for decision by the shareholders and by the Board as indicated below.
- 5.9.2. In addition to the matters outlined in clause 5.9.1 above, the following matters shall be reserved for decision by the Board on the basis of any recommendation that may be made from time to time by the committees of the Board and/or management:

### **5.9.2.1. Strategic issues**

- 5.9.2.1.1. approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction or material deviations in business plans;
- 5.9.2.1.2. evaluation of key assumptions and business indicators on which the Company's strategic objectives and policies are based;
- 5.9.2.1.3. consideration and approval of any material departure from strategic objectives and policies, including significant realignment of the businesses in which the Company operates or is invested;
- 5.9.2.1.4. the formation of any subsidiary by the Company, except in the ordinary course of investments and trading business;
- 5.9.2.1.5. oversight of all important policies regulating the Company's relations with its primary stakeholders and the significant issues arising from these relationships.

#### **5.9.2.2. Financial matters**

- 5.9.2.2.1. adoption of any significant change or departure in the accounting policies and practices of the Company;
- 5.9.2.2.2. approval of annual financial statements, interim reports and all matters related thereto; and
- 5.9.2.2.3. recommendation of annual dividends.
- 5.9.2.2.4. the setting up or amending of any profit share scheme for Directors;
- 5.9.2.2.5. any borrowings or other financing arrangements, other than in the ordinary course of investments and trading business, and any other financial risk management arrangements which borrowing or financing arrangement is for a sum above Kenya Shillings Fifteen Million (KES 15,000,000) or 15% of revenues whichever is higher;

- 5.9.2.2.6. giving any guarantees, loans, indemnity or the like in respect of any third party's performance or activities, other than in the ordinary course of investing and trading business, above Kenya Shillings Five Million (KES 5,000,000);
- 5.9.2.2.7. spending or disposal in excess of Kenya Shillings Fifteen Million (KES 15,000,000) or 5% of revenues whichever is higher with respect to any property, equipment or other capital asset whether in a single transaction or series of related transactions;

### **5.9.2.3. Statutory and administrative**

- 5.9.2.3.1. convening general meetings of shareholders of the Company and approval of the notice of the general meetings of shareholders;
- 5.9.2.3.2. initiating, settling or compromising any arbitration, litigation or dispute of whatever nature involving an amount in excess of Kenya Shillings Fifteen Million (KES 15,000,000) or 5% of revenues whichever is higher;
- 5.9.2.3.3. approval of pension and provident funds (if applicable) and the matters relating thereto;
- 5.9.2.3.4. granting general signing authorities and changes thereto of persons who are not directors of the Company;
- 5.9.2.3.5. appointment and remuneration and/or removal of top three corporate officers;
- 5.9.2.3.6. formulation of remuneration and employment policies and practices dealing with, inter alia, equal opportunity, diversity, transformation, compensation, benefits, recruitment, retention, retirement, retrenchment, talent, and all associated human resource issues;
- 5.9.2.3.7. formulation of policies in relation to trade union relations and industrial relations; and

- 5.9.2.3.8. formulation of policies in relation to the environment, health and safety, community relations and any such other policies relevant to the Company's primary stakeholders.
- 5.9.2.3.9. Approval of the terms of any material agreements other than in the ordinary course of investments and trading business, between the Company and any of the affiliates or related parties comprising of a value above Kenya Shillings 15 Million (KES 15,000,000) or 5% of revenues whichever is higher;
- 5.9.2.3.10. termination of material agreements, other than in the ordinary course of business;
- 5.9.2.3.11. creation of any charge or mortgage or encumbrance over the assets of the Company other than in the ordinary course of business; and
- 5.9.2.3.12. such other matters as the directors of the Company may unanimously agree to be Board Reserved matters.

## **6. RELATIONSHIP WITH SHAREHOLDERS**

- 6.1. The Board shall endeavour to familiarise itself with any issues of concern to shareholders.
- 6.2. The Board shall evaluate economic, political, social and legal issues on a regular basis, as well as any other relevant external matters that may influence or affect the development of the business or the interests of the shareholders and, if appropriate, obtain independent expert advice.
- 6.3. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place based on the mutual understanding of objectives.
- 6.4. The rights of other stakeholders shall be recognised and respected and their active co-operation will be encouraged in creating a sustainable and financially sound enterprise.

## **7. CORPORATE GOVERNANCE**

- 7.1. The Board is the focal point of corporate governance in the Company. It is ultimately accountable and responsible for the performance and affairs of the Company.

- 7.2. The Board shall be responsible for ensuring that an adequate and effective process of corporate governance is established and maintained.

## **8. RISK MANAGEMENT**

- 8.1. The Board shall be responsible for the process of risk management. The Board shall also be responsible for disclosures on risk management in the annual reports and financial statements and shall ensure that risk assessments are undertaken as and when required.
- 8.2. The Board shall be also responsible for reporting significant risks that affect decisions of the shareholders in their dealings with the Company and shall disclose these.
- 8.3. The Board shall ensure that an effective, ongoing process shall be in place to identify risks, measure their impact and proactively manage and monitor these and that at appropriate intervals it receives and reviews reports on the risk management process, profile and compliance with any legislation pertaining to risk and risk management.

## **9. MEETINGS AND BOARD ATTENDANCES**

- 9.1. Meetings of the Board shall be held quarterly; i.e. shall be held no less than **four (4) times** in every year on a quarterly basis. Any Director shall be entitled to request a meeting of the Board through the company's secretary.
- 9.2. At least **seven (7)** clear Business Days' notice in writing shall be given to each of the Directors of all meetings of the Board, at the address notified to the Secretary of the Company from time to time by each Director.
- 9.3. Each such notice shall contain, inter alia, an agenda specifying in reasonable detail the matters to be discussed at the relevant meeting and shall be accompanied by any relevant papers for discussion at such meeting.
- 9.4. No business shall be transacted at any meeting of the Board (including for the avoidance of doubt any adjourned meeting) unless a quorum is present. The quorum at a meeting of the Board shall be a simple majority of Directors of which one shall be a non-executive director.
- 9.5. In the event there is no quorum after thirty (30) minutes from the time set for the start of a meeting, the meeting shall be adjourned to the same day in the next week at the same time and venue and the Directors present at such adjourned meeting shall constitute quorum.
- 9.6. A Director may attend a Board Meeting via a videoconferencing or teleconferencing facility.

- 9.7. All business arising shall be determined by a resolution passed by a majority of votes cast by the Directors present.
- 9.8. Directors shall use their best endeavours to attend Board meetings and to prepare thoroughly for each meeting. Directors are expected to participate fully, frankly and constructively in board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board.
- 9.9. Executive management, as appropriate, may attend Board meetings to facilitate communication between executive management and the Board.
- 9.10. Professional advisors, officers or members of staff whose input may be required or who may be invited for any purpose may be invited to the meetings.
- 9.11. The Chairman may invite independent observers to the Board to sit in the meetings and observe the conduct and interactions at the meeting. They are required to remain independent. The independent observers shall not be included in quorum, shall not chair any meeting, shall not be a proxy or alternate to a director unless otherwise appointed by such a director in writing, but may participate in the discussions and as shall be allowed by the Chairman.
- 9.12. No invitee shall have a vote at meetings of the Board towards any board resolutions and all invitees shall be required to maintain absolute confidentiality on the matters discussed, disclose any conflicts of interest, and apply the highest standards of ethical conduct.

## **10. PROCEEDINGS OF MEETINGS**

- 10.1. Meetings and proceedings of the Board shall be governed by this Charter and/or Articles. Where a conflict arises, the provisions of this Charter shall prevail.
- 10.2. An annual calendar of meetings, with an outline of the topical matters to be considered at each meeting, shall be drawn up by the company secretary, in conjunction with the Chairman and Chief Executive Officer. It shall be presented in advance to the Board.
- 10.3. The company secretary, in conjunction with the Chairman and Chief Executive Officer, shall prepare an agenda raising all relevant issues requiring attention to ensure that effective proceedings are facilitated.
- 10.4. The Company Secretary shall ensure that the agenda and meeting papers are circulated to Board members at least five (5) days before the date set down for the meeting. The

Company Secretary shall maintain a record of Board submissions and Board members will arrange with him/her to obtain access to records of Board documentation and minutes if required by them in the course of discharging their duties as Board members of the Company.

- 10.5. The quorum for any meeting of the Board shall be as determined by the Articles. Where a conflict arises, the provisions of this Charter shall prevail.
- 10.6. Each Board member is responsible for being satisfied that, objectively, he/she has been furnished with all the relevant information and facts before making a decision.
- 10.7. A director may not vote, either in person or by proxy, nor be counted in the quorum on any matter in which he/she has an interest. Additionally, he/she may be recused from any meeting at the discretion of the Chairman when such matters are discussed.
- 10.8. A record shall be kept of the attendance of directors at Board meetings.

## **11. PROFESSIONAL OR BUSINESS SERVICES PROVIDED BY DIRECTORS**

- 11.1. The Company may, for the purpose of a special assignment or task, engage the services of a director with a specific field of expertise to undertake that assignment or task. **In such event the scope of the task will be defined and agreed upon and a disclosure thereof shall be made in accordance with the Related Parties Policy to the Board at the next meeting date.**
- 11.2. The terms of the engagement shall be competitive, clearly recorded and all legal requirements with regards to disclosure shall be complied with.

## **12. ROLE OF THE CHAIRMAN**

- 12.1. The Chairman of the Board shall be appointed by the Board itself and shall be an independent non-executive director. The Chairman is primarily responsible for the functioning of the Board.
- 12.2. The Chairman is responsible for ensuring the integrity and effectiveness of the Board and its Committees.
- 12.3. The Chairman is required to:
  - 12.3.1. provide overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;

- 12.3.2. ensure that all the board members are fully involved and informed of any business issue on which a decision has to be taken;
- 12.3.3. ensure that executive members play an effective management role and participate fully in the operation and governance of the Company;
- 12.3.4. exercise independent judgement, act objectively and ensure that relevant matters are placed on the agenda and prioritised properly;
- 12.3.5. avail himself / herself to the Chief Executive Officer between Board meetings to provide counsel and advice;
- 12.3.6. act as the main informal link between the Board and the Chief Executive Officer.

### **13. ROLE OF THE CHIEF EXECUTIVE OFFICER**

- 13.1. The Chief Executive Officer is appointed by the Shareholders on recommendation by the Board.
- 13.2. The Chief Executive Officer's responsibility is to focus on the operations of the Company, ensuring that it is run efficiently and effectively and in accordance with the strategic decisions of the Board.
- 13.3. The Chief Executive Officer is accountable to the Board for, amongst other things:
  - 13.3.1. development and recommendation to the Board of the strategy and vision of the Company and the business plans and budgets that support the Company's short and long term views;
  - 13.3.2. achievement of performance goals, objectives and targets;
  - 13.3.3. maintenance of an effective management team and management structures;
  - 13.3.4. ensuring that appropriate policies are formulated and implemented to guide activities;
  - 13.3.5. ensuring that effective internal organisation and governance measures are deployed; and
  - 13.3.6. serving as the chief spokesperson of the Company.

**14. THE COMPANY SECRETARY**

14.1. The Company Secretary is accountable to the Board for:

14.1.1. ensuring that board procedures are followed and reviewed regularly and that applicable rules and regulations for the conduct of the affairs of the Board are complied with;

14.1.2. guiding Board members as to how their responsibilities should be properly discharged in the best interests of the Company;

14.1.3. keeping abreast of, and informing, the Board of current and new developments regarding corporate governance thinking and practice; and

14.1.4. maintenance of statutory records in accordance with legal requirements.

**15. DUTIES OF INDIVIDUAL BOARD MEMBERS AND DISCLOSURE OF INFORMATION**

15.1. Board members act jointly when discharging their duties and no Board member has authority to act on behalf of the Company unless specifically authorised or requested by the Board. Board members are jointly and severally liable and accountable for Board decisions and actions.

15.2. Board members are legally obliged to act in the best interest of the Company, to act with due care in discharging their duties as Board members, to declare and avoid conflicts of interest and to account for any advantages gained in discharging their duties on behalf of the Company.

15.3. A Board member should register any conflict of interest and especially those that have an equivalent

15.4. A Board member who has a real or prospective interest in any of the business of the Company shall declare such interest at a Board meeting as soon as the Board member becomes aware of such specific interest. All Board members shall, in good faith, disclose to the Board any business or other interest that is likely to create a potential conflict of interest, including, but not limited to:

15.4.1. all business interests, direct or indirect in any other company, partnership or business venture;

- 15.4.2. membership of trade, business or other economic organisations;
  - 15.4.3. shareholdings, share options and/or other interests in the Company;
  - 15.4.4. any direct or indirect interest in any transaction with the Company; and
  - 15.4.5. any gifts, monies, commissions, benefits or other favours extended or received from any party in respect of or in relation to any business dealings with the Company.
- 15.5. A register of declarations of interest shall be kept.
- 15.6. Directors shall, at all times, observe the provisions of all relevant rules, legislative or regulatory procedures and internal Company policy when dealing in their securities.

## **16. BOARD EVALUATION**

- 16.1 The Board shall undertake an annual evaluation of its own performance, the performance of the Chairperson, that of its committees, individual members, the Chief Executive Officer and Company Secretary.
- 16.2 Following an evaluation exercise, the Board, lead by the Chairman or the Lead Independent Director, shall discuss the evaluation results and implement any recommendations. Development needs of the Board members may be determined from the results of the evaluation exercise.
- 16.3 The Board shall disclose in general, the outcome of the evaluation exercise in the Annual Company Report

## **17. GENERAL**

- 17.1. The Board and its members, in carrying out their tasks under these terms of reference, may obtain such outside or other independent professional advice, as considered necessary to carry out their duties.
- 17.2. All Board members shall have access to top management and the Company Secretary for advice about the operations and governance of the Company and Board procedures.
- 17.3. If any part of this Charter conflicts with anything contained in the Articles, this Charter shall yield.
- 17.4. The Board may amend these terms of reference from time to time.





Passed and ratified under the authority of the directors of Cytonn investments Management PLC:

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## **BOARD OF DIRECTORS' PROFESSIONAL CODE OF CONDUCT**

### **INTRODUCTION**

This Code has been written in order to help directors simultaneously meet high standards of professionalism and ethics. The Code provides guidance to directors and lays down the standards that the Company expects of its Directors.

### **PURPOSE OF THE CODE**

One of The Company's fundamental aims is to increase the professionalism of its Board. To further this aim, all Directors are required to adhere to this Code of Professional Conduct, as a way of providing tangible evidence of their commitment to professionalism and probity. Directors who breach the Code may be subject to disciplinary action.

### **1. LEADERSHIP, ENTERPRISE AND JUDGMENT**

Directors should exercise leadership, enterprise and judgment in directing the Company so as to achieve its continuing prosperity and act in the best interests of the Company as a whole. Each Director should;-

- 1.1. ensure that the Board fulfils its key purpose of safeguarding and improving the Company's prosperity.
- 1.2. endeavour to make certain that the responsibilities of the Board have been specified clearly and are properly understood. A Director should be diligent in discharging his duties to the Company and must acquire a broad knowledge about the business of the Company and the statutory and regulatory requirements affecting company direction.
- 1.3. endeavour to ensure that the Board is properly constituted and managed, addresses its key tasks and devotes sufficient time to address each of them properly.
- 1.4. assist the Board in ensuring that the Board establishes vision, mission and values for the Company, sets strategy, delegates appropriately to management, is accountable to Shareholders and holds itself responsible to relevant stakeholders.
- 1.5. insist that the Board is provided with sufficient regular and timely information to enable the Directors to discharge their duties of care and diligence. If adequate or timely information is not provided, the Director should make an appropriate objection. Any objection, and the

reasons for it, should be included in Board minutes. An internal audit of systems supporting the board should be conducted regularly.

## **2. INTERESTS OF THE COMPANY'S SHAREHOLDERS.**

- 2.1. A Director should ensure, acting as a member of the Board, that the Company is financially viable, and properly managed so as to protect and enhance the interests of the Company and its Shareholders over time.
- 2.2. A Director should seek to understand the expectations of Shareholders and endeavour to fulfill them when deciding upon the best interests of the Company.
- 2.3. A Director should seek to ensure that proper communication is made with Shareholders on the general strategies being adopted for the Company and on other matters of importance.
- 2.4. A director should seek to ensure that all Directors are treated fairly according to their relative rights.

## **3. STAKEHOLDERS**

- 3.1. A Director should exercise responsibilities to employees, clients, consultants, advisors, suppliers, media and other relevant stakeholders, including the wider community.
- 3.2. Whilst the obligations of a Director are primarily owed to the Company, it is also necessary to take into account the interests of all individuals and groups that the Board judges have a legitimate interest in the achievement of company objectives and the way in which these objectives are achieved.
- 3.3. A Director should ensure that the Board identifies and knows the interests, views and expectations of these stakeholders. He should ensure that communications with such parties are timely, effective and unbiased.
- 3.4. A Director should promote goodwill with stakeholders and be accountable for company actions.

## **4. COMPLIANCE WITH LAWS, REGULATIONS AND CODES OF PRACTICE**

A Director should comply with relevant laws, regulations and codes of practice, refrain from anticompetitive practices, and honour obligations and commitments.

Particular attention should be paid to sound financial practices and ethics, questions of occupational health and safety, employee relations, equal opportunity for employees, the impact of competition rules and consumer protection rules, and other legislative and regulatory initiatives that may arise from time to time.

## **5. INTEGRITY**

A Director has a duty to respect the truth and act honestly in his business dealings and in the exercise of all his responsibilities.

He should not obtain, attempt to obtain, or accept, any bribe, secret commission or illegal inducement of any sort.

## **6. DISAGREEMENT**

6.1. A Director must be prepared, if necessary, to respectfully express disagreement with colleagues, including the Chairman or Chief Executive Officer. However, if there is no need to express disagreement, a Director should be prepared to accept collective responsibility and implement the decisions of the Board as a loyal member of the Board.

6.2. If a Director is in doubt whether a proposed course of action is consistent with his fiduciary duties, then he should not support the course of action. Independent advice should be sought as soon as possible to clarify the issue. When a Director concludes that he is unable to acquiesce in a decision of the Board, some or all of the following steps should be considered:

6.2.1. making his dissent and its possible consequences clear to the board as a means of seeking to influence the decision;

6.2.2. asking for additional professional advice;

6.2.3. asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion;

6.2.4. tabling a statement of dissent or writing to the Chairman and asking that the statement or letter be minuted;

6.2.5. calling a special board meeting to consider the matter;

## **7. CONFLICT OF INTEREST**

7.1. A Director must avoid conflict between his personal interests, or the interests of any associated company or person, and his duties to the Company.

- 7.2. A Director must not take improper advantage of his/her position as Director to gain, directly or indirectly, a personal advantage or an advantage for any associated person, which might cause detriment to the Company. A Director should not use inside information for gain.
- 7.3. The personal interests of a Director, and those of associated persons, must not take precedence over those of the Company's shareholders generally.
- 7.4. A Director should seek to avoid conflicts of interest wherever possible. Full and prior disclosure of any conflict, or potential conflict, must be made to the Board immediately as soon as the said Director becomes aware of it, and **in any case, in no later than seventy-two hours as required by law**. Where an actual or potential conflict does arise, a Director should at least refrain from participating in the debate and/or voting on the matter.
- 7.5. **Material conflicts of interest worth ten percent (10%) of the value of the assets of the company shall be reported in the Annual Company report.**
- 7.6. A Director from time to time may need expert advice in order to discharge his duties properly. Separate independent advice should always be sought by a Director on matters that may affect his position vis-à-vis the Company.

## **8. CONFIDENTIALITY**

A Director must not make improper use of information acquired by virtue of his position as a Director. This prohibition applies irrespective of whether or not the Director or any associated person would gain directly or indirectly a personal advantage or whether or not the Company would be harmed.

A Director must not disclose, or allow to be disclosed, confidential information received in the course of the exercise of his duties as a director, unless that disclosure has been authorized by the Board of the Company or is required by law.

## **9. REPUTATION**

- 9.1. A Director should not recklessly or maliciously injure the professional reputation of a fellow Director nor engage in any practice detrimental to the reputation and interests of the Company.
- 9.2. There is a continuous and comprehensive duty on all Directors to act in such a way as to uphold the dignity and reputation of the profession, and to conform to any specific requirements that the Company may prescribe in connection with particular circumstances.

- 9.3. A Director is obliged to uphold the traditions of the Company and to strive to maintain and improve its reputation.
- 9.4. A Director should respect the professional standing of his/her fellow Directors. Cognizant of the fact that the conduct of the Company depends upon the propriety and behaviour of those engaged in directing it, a Director should accept the responsibility to contribute personally to the efficiency and welfare of the profession as a part of the professional concept of service to the community.

## **10. CONTINUOUS PERSONAL DEVELOPMENT**

A Director should keep abreast of both practical and theoretical developments to ensure that his expertise is constantly relevant in the investments and real estate industry.

Continuous and rapid change is the norm in business and it is the responsibility of a Director to continually and systematically add to his knowledge and expertise; it is not enough to match present good practice and thereafter regard oneself as adequately equipped for the future. CPD is mandatory for all Directors.

## **11. PROTECTION AND PROPER USE OF COMPANY ASSETS**

A Director should protect the Company's assets and ensure their efficient use. A Director's use of company assets should be for legitimate business purposes related to the Company.

## **12. CONDUCT DURING BOARD MEETINGS**

A Director should aim to attend all Board meetings.

A Director should prepare in advance for Board meetings and be familiar with issues on the agenda.

A Director should read the board packs prior to attending the meeting to enable discussions move faster. These board packs should be circulated at least one week to the scheduled meeting. Anything new that comes up during the meeting will be treated as Any Other Business.

A Director should be respectful of other people's time, stay focused and act efficiently during Board meetings.

Board conduct with one another should be as follows:

- Use formal wear is encouraged.

- Practice civility and decorum in discussions and debate. The dignity, style, values and opinions of each Board member shall be respected. Difficult questions, tough challenges to a particular point of view, and criticism of ideas and information are legitimate elements of a free democracy in action. This does not allow, however, Board members to make belligerent comments. No shouting or physical actions that could be construed as threatening will be tolerated.
- Honor the role of the Chair in maintaining order. If there is disagreement about the agenda or the Chair's actions, those objections should be voiced politely and with reason.
- Avoid personal comments that could offend other Directors. If a Director is personally offended by the remarks of another Director, the offended Director should make notes of the actual words used and call for a "point of personal privilege" that challenges the other Board member to justify or apologize for the language used. The Chair will maintain control of this discussion.
- Demonstrate effective problem-solving approaches.
- Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action, Board members should commit to supporting said action and not to create barriers to the implementation of said action.

**13. FINAL NOTE**

Directors should set high personal standards by keeping aware of and adhering to this Code, both in the spirit and in the letter, and promoting it to other Directors. A Director is expected to bring the same high standard of integrity to his non-business life as is demanded in his professional activities when these spheres of activity overlap. A Director must not knowingly cause or, where he has the power to prevent, permit any other party to be in breach of this Code or be a party to a breach.

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