

KAKUZI PLC

BOARD CHARTER

Purpose

This document outlines the role and responsibilities of the Board of directors of Kakuzi PLC, powers of the Board, various Board committees and their roles, separation of roles between the Board and Management and the policies and practices of the Board in respect of corporate governance matters.

Members of the board should clearly understand the organization's expectations of them in terms of allocation of individual responsibilities.

Board Composition

The Kakuzi Board consists of the Chairman, who has non-executive responsibilities, five other non-executive directors and two executive directors.

The Board meets quarterly and is responsible for establishing the corporate governance pillars, setting the strategic direction, reviewing business performance and supervision of the management of Kakuzi operations.

The directors have the knowledge, experience, autonomy and skills enabling them to carry out their Board responsibilities

General Functions of the Board

The functions of the Kakuzi Board are separate from those of the Management. Whereas the managements functions are mainly around execution i.e. planning, organizing, staffing, co-ordinating, controlling, reporting and budgeting; the functions of the Kakuzi Board include:

- (a) Defining the company's mission, vision, its strategy, goals, risk policy plans and objectives, including approval of its annual budgets;
- (b) Overseeing the corporate management and operations, management accounts, major capital expenditures and review corporate performance and strategies at least on a quarterly basis;
- (c) Identifying the corporate business opportunities as well as principal risks in its operating environment, including the implementation of appropriate measures to manage such risks or anticipated changes impacting on the corporate business;
- (d) Developing appropriate staffing and remuneration policy including the appointment of the Managing Director and the senior staff, particularly the Finance Director, Operations head and the company secretary as may be applicable from time to time;
- (e) Reviewing on a regular basis the adequacy and integrity of the company's internal control, acquisition and divestitures and management information systems, including compliance with applicable laws, regulations, rules and guidelines;

- (f) Establishing and implementing a system that provides necessary information to the shareholders, including shareholder communication policy for the company;
- (g) Monitoring the effectiveness of the corporate governance practices under which the company operates and propose revisions as may be required from time to time; and
- (h) Taking into consideration the interests of the company's shareholders in its decision-making process.
- (i) Establishing the board committees including; audit and risk committee, Nomination and Remuneration committee and appoint chairpersons of committees;
- (j) Determining the procedure and process within which the committee may be allowed to engage independent professional advice at the company's expense; and
- (k) Reviewing the effectiveness and performance of Board committees annually.

Specific Functions of the Board

The following are those matters reserved to the Board of Directors of Kakuzi Plc for its decision.

STRATEGY AND MANAGEMENT

- Matters relating to the overall management of the Company.
- Approval of the Company's long-term objectives and overall strategy.
- Approval of the annual capital budgets, and any modifications or additions thereto.
- Overall review of the Company's operations with the aim of ensuring:
 - Competent and prudent management;
 - An adequate system of internal control;
 - Appropriate accounting
 - Compliance with statutory and regulatory obligations including the rules of the Kenya's Listing Authority; and
 - Adherence to the Company's Statement of Business Principles and code of ethics.
- Review of the company's performance in relation to its strategy, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken.
- Extension of the Company's activities into new business or geographic areas.
- Any decision to cease to operate all or any material part of the Company's business.

STRUCTURE AND CAPITAL

- Changes relating to the Company's capital structure or the Company's status as a public Limited company.
- Material changes to the Company's corporate structure.
- Changes to the structure of the Company's management and control.

FINANCIAL REPORTING & CONTROLS

- Approval of interim financial statements and annual report and accounts, including the Directors' Report (incorporating the corporate governance statement) and the Directors' Remuneration Report.
- Approval of interim and recommendation of final dividends.
- Approval of treasury policies, including the structure and policy of Company borrowings, foreign exchange exposures and banking arrangements.
- Approval of any significant changes in accounting policies or practices following consideration and recommendation by the Audit and Risk Committee.
- Appointment, reappointment or removal of the external auditors and their remuneration (subject to final approval at the AGM) following a recommendation from the Audit and Risk Committee.

INTERNAL CONTROLS

- Approval of internal (including financial) control procedures following consideration and recommendation by the Audit and Risk Committee.
- Through the Audit and Risk Committee, to ensure that a sound system of internal control and risk management, is maintained. This will include:
 - receiving reports on, and reviewing the effectiveness of, the Company's risk and internal control processes in the light of its strategy and objectives;
 - undertaking an annual assessment of these processes.
 - Approving an appropriate internal control statement for inclusion in the annual report

TRANSACTIONS AND CONTRACTS

- Approval of investments and capital projects, if the investment or project has not previously been considered by the Board as part of the budget approval process or if there have been material and adverse changes to the project since budget approval.

- Approval of contracts proposed to be entered into by the Company or any subsidiary not in the ordinary course of business.
- Approval of any acquisition of any investment, asset or business by the Company or any of its subsidiaries which would involve the commencement of an activity of a different nature or character to any activity from time to time carried on by the Company or any of its subsidiaries (no matter what its value).
- Approval of any acquisition or disposal of any interest in equity securities by the Company or any of its subsidiaries of the voting shares of a company or the making of any takeover offer for any listed Company.
- Approval for the Company or any of its subsidiaries to enter into any joint venture or partnership (in whatever legal form) with any other person or Company of persons (other than the Company and its subsidiaries).
- The consideration and, if necessary, defence against any offer to purchase the Company or a majority of its shares.
- The issuance by the Company or any subsidiary of any letter of comfort, material guarantee or any material indemnity in respect of the obligations of another group company or in respect of the obligations of a non-Company company (the standard of "materiality" being determined by the Board).
- Approval of appointments of external advisers in relation to matters not in the ordinary course of business.

COMMUNICATION

- Approval of resolutions and related documentation to be put forward to shareholders at general meetings.
- Approval of all circulars to shareholders and listing particulars.
- Approval in principle of press releases concerning matters decided by the Board.
- Ensuring satisfactory dialogue with shareholders.
- Managing corporate communication to the general public and shareholders

BOARD MEMBERSHIP AND BOARD COMMITTEES

- Approval of changes to the structure, size and composition of the Board, including appointments of Directors, and if considered appropriate, selection of the Chairman and the independent Non-executive Directors.
- Approval of the terms and conditions of service of the Non-executive directors.
- Ensuring adequate succession planning for the Board and senior management.

- Determining the continuation in office of Directors; at the end of their term of office or at any other time, including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the law and the terms and conditions of the relevant service contract.
- Appointment or removal of the Company Secretary.

DELEGATION OF AUTHORITY

- Approval of terms of reference and membership of the Nomination & Remuneration and Audit & Risk Committees and review of the chairmanship and composition of those Committees from time to time.
- Receiving and considering reports from the Committees of the Board on their activities.
- Authorising from time to time ad hoc Committees of the Board to conduct specific business.
- Giving general authorisation to the Executive Directors to conduct day-to-day business and such other matters as the Board may determine subject to the Company's Articles of Association.

CORPORATE GOVERNANCE

- Undertaking annually a formal evaluation of its own performance and that of its Committees and of individual Directors and stating in the annual report how this evaluation has been conducted.
- Determining the independence of directors.
- Reviewing the Company's overall corporate governance arrangements.
- Receiving and considering reports on views expressed by the Company's shareholders.

POLICIES

- Considering, reviewing and approving policies and strategies, as and when necessary, relating to the following:
 - Share dealing
 - Charitable and political donations
 - Health and safety
 - Environmental matters
 - Business principles and code of Ethics
 - Corporate social responsibility.

- Whistleblowing
- Staffing and Remuneration
- Shareholders Communication
- Gender and Diversity
- Limit of Board Positions a Board member may hold
- Policies and procedures to Assess independence of Board members annually
- Managing Conflict of Interest

MISCELLANEOUS

- Prosecution, defence or settlement of litigation involving claims and/or costs being material to the interests of the Company.
- Material changes to the rules of the Company's pension schemes.
- This list of matters reserved for the approval of the Board.
- Any other matters considered by the Board to be of material importance to the Company.
- The making of any political donation by the Company or any of its subsidiaries.

Approved by the Board on 22nd March 2018