

# **CHARTER FOR THE MEMBERS OF THE BOARD OF DIRECTORS OF TRANS-CENTURY PLC**

The Board of Directors (the “Board”) is elected by and is accountable to the shareholders Trans-Century PLC (the “Company”). The mandate of the Board is to supervise the management of the Company and to be the steward of the Company with a view to the best interests of the Company.

Although directors may be elected by the shareholders to bring special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency exclusively and must act with a view to the best interests of the Company at all times.

The Board, through its deliberations and actions, should be mindful of the expectations for the following constituencies of the Company:

Investors - to enhance value for those who risk their financial resources to assist in the growth and expansion of the Company

Employees - to provide an equitable, challenging, participative and safe work environment for those who commit time, careers and livelihood to the Company.

## **1. TERMS OF REFERENCE**

The Board’s Terms of Reference include the following:

- Review and approve strategic, business and capital plans for the Company and monitor the Company’s human, technology and capital resources, the constraints on implementing such plans and management’s execution of such plans.
- Oversee the adoption of a strategic planning process.
- Review the principal risks of the Company’s business and monitor the implementation by management of appropriate systems to manage such risks including, but not limited to, business, country (political) and foreign exchange risks.
- Review at every meeting recent developments that may impact the Company’s growth strategy.

- Develop and implement programs for management and Board succession planning including development within the organization.
- Monitor the practices of board and management to ensure appropriate, fair and timely communication of information concerning the Company.
- Ensure specific and relevant corporate measurement systems are developed and adequate internal controls and management information systems are in place with regard to business performance and the integrity thereof.
- Review and approve corporate governance guidelines applicable to the Company and in accordance with statutory and regulatory requirements. Examples include but are not limited to the size and composition of the Board, the compensation of directors, the assessment of the performance of the Board, its committees and Directors and approval of appropriate policies and procedures.
- Duties and responsibilities of the Board under the Kenya Companies Act (the “Act”) and other applicable laws and regulations.

## **2. BOARD MEMBERSHIP**

The Board is elected by the shareholders and shall be comprised in accordance with applicable law and its articles and by-laws. The Board is currently composed of seven(7) members, and the Articles of Association allow for nine(9) members. The Board shall endeavor to be comprised of at least 30% independent, non-executive members.

All members of the Board shall meet the requirements of the Kenya Companies Act, and other applicable laws and regulations.

Directors are expected to avoid any outside activity, financial interest or relationship that may present a possible conflict of interest or the appearance of a conflict. Directors are required to disclose any conflict of interest to the Chair of the Nomination and Remuneration Committee and otherwise comply with applicable law concerning disclosure and refraining from voting where applicable.

Directors whose Board and committee attendance falls below 75% (unless due to exceptional circumstances) in any twelve (12) month period will not be allowed to stand for re-election to the Board unless such attendance was due to health reasons or other extenuating circumstances acceptable to the Board. The Company shall disclose in its annual information circular Board attendance records.

## **3. OPERATIONAL GUIDELINES FOR THE BOARD AND COMMITTEES**

## **Meetings**

The Board and each Board committee shall seek to meet quarterly and at such other times as the Chairman of the Board or Chairman of the committee, respectively, shall require. Annually, a calendar of Board meetings and Board committee meetings shall be approved by the Board and applicable Board committees, respectively. Additional meetings of the Board and its committees shall be held as appropriate.

The Chair of the Board and each Board committee may delegate his/her responsibility to a Vice- Chairman.

The Company Secretary or his/her nominee shall act as the Secretary of the Board and Secretary of each Board committee. Meetings of the Board and each Board committee shall be called by the Secretary of the Board or Board committee at the request of the Chairman of the Board or Board committee.

Unless otherwise agreed and in accordance with applicable law, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Board and the applicable committee no fewer than 3 days prior to the date of the meeting where possible.

The Secretary of the Board and Secretary of each Board committee shall minute the proceedings and resolutions of all Board and Board committee meetings. Minutes of each Board and Board committee meeting will be distributed to all Board members and committee members, respectively, within two weeks of the meeting.

It is the responsibility of the Secretary of the Board to ensure all action items are addressed by the responsible person and brought forward to the next meeting. Decisions of the Board and each committee will be made by majority rule. Where possible, the Chair of the Board and the Chair of each Board committee shall attend the Annual Meeting of shareholders prepared to respond to any shareholder questions on the Board's or Board committee's activities, or where attendance is not possible, appoint a representative and brief them appropriately.

Non-directors may attend portions of the Board meetings by invitation of the Board.

## **Information**

Agenda and advance material will be sent to the relevant Directors at least one (1) week in advance of each Board meeting and/or the applicable Board committee meeting, where possible. Advance material for Board meetings will include relevant information that provides a meaningful perspective on the matters to be considered by the Board, including, without limitation: review of strategy, financial summaries, capital expenditure requests, quarterly and annual shareholder communications, major human resource issues, operational reports, any committee reports and other

relevant material as directed by the agenda. Advance material for Board committee meetings will include relevant information that provides a meaningful perspective on the matters to be considered by the committee.

Information such as financial summaries, capital requests etc. will be standardized for ease of review.

Presentations at Board meetings and Board committee meetings will be standardized as much as possible, be concise, and only provide highlights of advance material.

Although Directors may have access to any employee, it is expected that requests for specific information will be channeled through the Chief Executive Officer.

The Company's strategic plan and business profile of each Division will be provided annually to the Board.

Company consolidated financial reports will be distributed to all Directors.

#### **4. KEY PRACTICES**

The Board shall abide by the following key practices:

##### *(i) Role of Board and Management*

While the Board is called upon to supervise the management of the business, the Chief Executive Officer ("CEO") is charged with the day-to-day leadership and management of the Company. The CEO's prime responsibility is to lead the Company. The CEO formulates company policies and proposed action plans in conjunction with the senior management team and presents same to the Board for approval. The Board approves the goals, the objectives and policies within which the Company is managed and then reviews and evaluates management performance. Reciprocally, the CEO keeps the Board fully informed of the progress of the Company towards achievement of its established goals and of all material deviations.

##### *(ii) Qualifications and Independence*

The Nomination and Remuneration Committee shall recommend to the Board individuals as director nominees who demonstrate the personal qualities and time commitment expected of Directors and who meet the criteria set forth above. Directors should be loyal to the Company and shall exercise care, diligence and skill in their exercise of their duties and responsibilities on behalf of the Company. Minimum standards for individual Directors and the Board as a whole include integrity and high ethical standards; career experience and expertise relevant to the Company's business purpose, financial responsibilities and risk profile; proven understanding of fiduciary duty; financial literacy and/or financial accreditation; well developed listening, communicating and influencing skills which would enable the

individual director to actively participate in Board discussions and debate; track record of business success, leadership, fairness, decisiveness and sufficient time availability to serve effectively as a Director by not over-committing to other corporate and not-for-profit boards. An inside director is a present employee elected to bring internal expertise and knowledge of the business to the decision-making process of the Board and help determine the broad strategy of the Company and monitor the Company's performance. An inside director must wear "two hats" and be able to see the broader picture beyond his/her functional responsibilities. An insider director must operate at a strategic level and not distract the Board in tactical detail.

### *(iii) Size of Board and Selection Process*

The Directors are elected each year by the Company's shareholders at the annual meeting of shareholders (or on rotation in accordance with the Company's Constitution.) The Board, together with the assistance of the Nomination and Corporate Governance Committee, reviews the composition of its membership on an annual basis and determines the appropriate size of the Board in compliance with the Company's Articles of Association.

### *(iv) Board Committees*

The Board has established the following committees to assist it in discharging its responsibilities:

- Investment Committee
- Audit Committee
- Nomination and Remuneration Committee

The current charters, key practices and accountabilities of these committees may be published in whole or summarized in the Company's information circular or other public disclosure document [and will be mailed to shareholders on written request to the Company Secretary. The Chairman of each Board committee shall report the highlights of the committee's meetings to the full Board following each such meeting.

### *(v) Setting the Agenda*

Each of the Board and its committees is responsible for its own agenda. At each of the November meetings of the Board or committee, as the case may be, the Chairman, in the case of the Board, or committee Chairman, in the case of a committee, will propose for the approval of the Board or committee key issues of strategy, risk and integrity to be scheduled and discussed during the course of the next calendar year. Before such meeting, the Board or committee, as the case may be, will be invited to offer its suggestions. As a result of this process, a schedule of major discussion items for the following year will be established. Prior to each meeting of the Board or committee, as the case may be, the Chairman, in the case

of the Board, or committee Chair, in the case of a committee, will discuss the other specific agenda items for the meeting with the CEO. The Chairman, CEO or committee Chairman, as applicable, shall determine the nature and extent of information that shall be provided regularly to the Directors before each scheduled Board or committee meeting. Directors are urged to make suggestions for agenda items, or additional pre-meeting materials to the Chairman, the CEO or appropriate committee Chairman.

(vi) *Ethics and Conflicts of Interest*

The Board expects Directors, officers and employees to act ethically at all times in accordance with the Directors Code of Conduct, which may be published in whole or summarized in the Company's information circular or other public disclosure document. If a potential or actual conflict of interest arises, a Director shall promptly advise the Chairman of the Nomination and Remuneration Committee and otherwise in accordance with applicable law or regulation. The Board will decide whether the Director should resign from the Board. The Board shall also resolve any conflict of interest question involving any executive, including the CEO. All Directors must excuse themselves from any discussion or decision affecting their personal, business or professional interests.

(vii) *Reporting Accounting and Auditing Complaints/Concerns*

Directors, officers and employees may and should forward any accounting and auditing concerns to the Company Secretary in a sealed envelope addressed to the Chairman of the Audit Committee, care of the Company Secretary. These concerns may be forwarded on an anonymous basis. The envelope should be marked "Confidential Internal Concern." The Company Secretary will then forward the sealed envelope to the Audit Committee Chair. The foregoing shall be communicated to employees. Complaints submitted by the public regarding accounting, accounting control and auditing matters should be sent to the Company Secretary. The Company Secretary will then forward the complaint or submission to the Chair of the Audit Committee. The foregoing are subject to any procedures and policies that the Audit Committee may establish regarding such complaints and concerns.

(viii) *Compensation of Board*

The Nomination and Remuneration Committee is responsible for, among other things, recommending to the Board compensation and benefits for non-employee Directors. The Company's Directors' compensation is designed to:

- align with shareholders' long-term interests by being closely tied to the performance of the Company as reflected in the market price of its shares;
- pay Directors fairly for work required in a company of the Company's size; accurately reflect the risks and responsibilities involved in being an effective director; and
- be simple and easy for shareholders to understand.

The current compensation structure is more fully discussed in the Nomination and Remuneration Committee mandate.

*(ix) Indemnification Agreements*

Additionally, Directors are party to individual indemnity agreements with the Company pursuant to which the Company has agreed to indemnify such directors from liability arising in connection with the performance of their duties. Such indemnity agreements shall comply with the provisions of applicable law.

*(x) Directors' and Officers' Liability Insurance*

The Company will purchase insurance for the benefit of the Company's directors and officers against liability incurred by them in their capacity as such. The premium, and other details are to be advised.

*(xi) Succession Plan*

The Board shall approve, review annually and maintain a succession plan for the CEO and the Executive Leadership Team.

*(xii) Annual Compensation Review of the CEO*

The Nomination and Remuneration Committee is responsible for, among other things, the performance evaluation of the CEO with input from the Board. The Nomination and Remuneration Committee shall also annually approve the compensation structure of the CEO.

*(xiii) Access to Independent Advisors*

The Board is authorized to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference. Individual directors are authorized to obtain, at the Company's expense, outside legal or other professional advice on any matters within their responsibilities or duties with the approval of the Chairman of the Board in accordance with applicable policies.

*(xiv) Director Orientation*

The Company Secretary and Chairman are responsible for providing an induction program for new Directors and for periodically providing materials for all Directors on subjects that would assist them in discharging their duties. When a new Director is elected to the Board, he or she will be given a letter of appointment outlining his or her duties, responsibilities, remuneration and an induction package including material that will assist with the familiarization of the Director with the Company. Within two (2) months of election to the Board, each new Director shall spend one (1) day at the corporate office for personal briefing by the CEO on the Company's values, strategic

plans, financial statements and key policies.

*(xv) Continuing Education of Directors*

The Chairman shall alert Directors to opportunities to better understand their corporate governance responsibilities through continuing education programs. Directors are expected to keep themselves current on such issues by way of continuing education. The Company shall assist Directors in this regard.

## **5. AUTHORITY**

The Board may exercise all such authority and powers of the Company and do all such lawful acts and things as it may be permitted by law. In carrying out its supervisory or oversight responsibilities, the Board (or specific committees of the Board) shall have the following specific responsibilities and authorities set out in mandates approved by the Board.