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## **BOARD CHARTER**

Approved by the Board at the meeting held on 16<sup>th</sup> November 2018

# **A. BACKGROUND**

## **1. INTRODUCTION AND OBJECTIVES OF THE CHARTER**

- 1.1 The Board of Directors of Kenya Airways PLC (“the Company”) regards Corporate Governance as key to the achievement of the Company’s mission and vision, and is committed to applying the core governance principles set out in this Board Charter (“the Charter”).
- 1.2 The Board recognizes its responsibility for ensuring that the Board and the Company as a whole has embraced good Corporate Governance in its structure, policies, practices and operations.
- 1.3 The Charter will therefore assist Board members in fulfilling their responsibilities, as it sets out the duties, functions, powers, responsibilities, membership and operations of the Board as well as administrative and procedural matters applicable to the Board.
- 1.4 This Charter has been developed in accordance with international best practice and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations and in particular the Companies Act, 2015 (“the Act”), the Code of Corporate Governance for Issuers of Securities in Kenya (“the Code”) and the Company’s Articles of Association (“the Articles”).
- 1.5 While the Charter draws some of its provisions from the Act and the Code, the Board recognizes that the principles and policies contained in the Charter are not intended to change or interpret any statute, law or regulation.
- 1.6 In the event that the provisions of this Charter are in conflict with the abovementioned laws, codes and guidelines and Articles, the higher standard shall prevail.
- 1.7 The Board will review this Charter regularly and, if appropriate, revise it from time to time.
- 1.8 The Charter is available to all members of the Board for application and will be posted on the Company’s website for the information of stakeholders.

## **2. STATEMENT ON GOOD GOVERNANCE**

- 2.1 The Company has adopted high standards and applies strict rules of conduct, based on the best governance practices. As part of this commitment, the Board adheres to good governance by embracing the following principles:
  - a) To observe high standards of ethical and moral behavior;
  - b) To recognize the legitimate interests of all stakeholders;
  - c) To act in the best interests of the Company; and
  - d) To ensure that the Company acts as a good corporate citizen.

2.2 In general, Board members shall act in the best interest of the Company and uphold their fiduciary duties as set out in the Act, the Capital Markets Act, Cap 485A and applicable Regulations, the Code and the Articles. They shall not disclose confidential information; avoid real and perceived conflicts of interest and shall favour the interests of the Company over other interests. They will act honestly and in good faith and will promote a culture built on principles of integrity, accountability and transparency.

### 3. DEFINITIONS

- a) **Board Committee** shall mean a committee of the Board that consists of Directors who are mandated to carry out specified functions, programs, or projects delegated by the Board.
- b) **Board** shall mean the body of individuals appointed or elected in line with the Articles to govern the Company and to oversee the Management of the Company.
- c) **Board member(s) or Director(s)** shall mean Directors appointed or elected in line with the Articles, and for purposes of this Charter, co-opted members of any Committee, unless the context specifies otherwise.
- d) **Board Charter or Charter** shall mean this document that defines the Board's roles and responsibilities as well as functions and structures in a way that supports the Board in carrying out its strategic and oversight functions.
- e) **Board Work Plan** shall mean a document setting out the activities of the Board over a period of time, and usually a financial year.
- f) **Conflict of Interest** shall mean a situation in which a person has direct or indirect private or personal interest in a matter which is sufficient to directly or indirectly influence or has the potential to directly or indirectly influence the objective exercise of his or her official or professional duties or the making of impartial judgment over the same or related matter.
- g) **Co-opted Member** shall mean an independent and external professional whose skills and expertise are required to supplement the skills and expertise on a given Committee.
- h) **Corporate Governance** shall mean the processes and structures used to direct and manage the business and affairs of the Company towards enhancing business prosperity, sustainability and corporate accountability with the ultimate objective of realizing long-term shareholder value whilst taking account of the interests of other stakeholders.
- i) **Diversity** shall mean the state of having different skills, backgrounds, experience, age, gender, nationality independence and knowledge, which the Board as a whole requires to be effective.

- j) **Executive Director** shall mean a member of the Board who also serves as a salaried employee of the Company and is involved in the day-to-day operations of the Company.
- k) **Fiduciary Duties** shall mean the duties enumerated under Sections 142 to 147 of the Companies Act, 2015 and such other duties identified as fiduciary duties under this Charter, applicable laws, regulations, Code, guidelines and the Articles.
- l) **Independent Non-Executive Director** shall have the meaning set out under the Code.
- m) **Internal Controls** shall mean the process effected by the Board, Management and other personnel, designed to provide reasonable assurance regarding the achievement of effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.
- n) **Non-Executive Director** means a Director who is not involved in the day-to day management of the Company and who is not an employee of the Company and shall include any Independent Non-Executive Director.
- o) **“Person”** shall include an individual, corporation, partnership, limited partnership, trust, unincorporated organization and any other form of entity or organization.
- p) **Skills Matrix** shall mean a document setting out the knowledge, skills, behaviours and qualifications aligned to the business and strategy of the Company, and which Board Members are required collectively to possess.
- q) **Sustainability** shall mean conducting operations in a manner that meets existing needs without compromising future needs.

## **B. GOVERNANCE STRUCTURE**

### **4. INTRODUCTION**

- 4.1 The principal role of the Board is to formulate and oversee the implementation of the Company's strategic objectives, risk strategy, Corporate Governance and corporate values in order to achieve the Company's mission and vision.
- 4.2 In giving the overall strategic direction, the Board shall develop and ensure implementation of policies for the purposes of delivering long-term sustainable shareholder value within a framework of effective Internal Controls.
- 4.3 In discharging its role and responsibilities, the Board shall take into consideration the legitimate interests of customers, shareholders and other relevant stakeholders.

4.4 The Board shall further demonstrate ethical leadership and promote a culture of accountability, transparency, fairness and integrity.

## **5. THE OVERALL GOVERNANCE STRUCTURE**

5.1 The governance of the Company vests in the Board of Directors and their powers are stipulated in the Articles and the Act.

5.2 The governance task faced by the Board is two-fold, that is decision-making and oversight;

- a) The decision making function is exercised with respect to the formulation with the Management, of fundamental policies and strategic goals and through the approval of significant actions;
- b) The oversight function concerns the review of Management decisions, the adequacy of systems, controls and the implementation of policies.

5.3 To achieve this, the Board shall provide leadership and the vision for the Company in a way that ensures the Company fulfills its mandate and further ensures long-term sustainable development and growth.

5.4 The Board has set up a number of Committees to assist it in carrying out its role. The Committees operate under specified Terms of Reference (TORs) as set out in specific Committee Charters approved by the Board.

5.5 The Board annually reports the performance of the Company to Shareholders during Annual General Meeting of the Company.

5.6 The Board has appointed Management to implement its decisions and to carry out the day to day operations of the Company.

## **6. SIZE AND COMPOSITION OF THE BOARD**

6.1 As set out in Article 65 of the Articles, the Board shall have a minimum of five (5) Directors and a maximum of eleven

(11) Directors.

6.2 The Board shall comprise of individuals with a balance of skills, diversity and expertise and who collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the Company. In this regard, the Board has prepared a Diversity Policy as set out under Appendix 10, and a Skills Matrix, the basis of which Board appointments are to be made.

6.3 The Board shall be composed of both Executive and Non-Executive Directors, with the majority being Non-Executive Directors. Independent Non-Executive Directors shall be at least one third of the total number of Board members.

## **7. SELECTION, APPOINTMENT AND RE-APPOINTMENT OF BOARD MEMBERS**

7.1 The Board shall constitute a Committee responsible for proposing new nominees for appointment to the Board, currently known as the Corporate Governance and Nominations Committee.

7.2 The Committee shall, being guided by the Board Appointment Procedure set out under Appendix 8, on annual basis review and ensure that Board appointments are based on the Board Diversity Policy set out under Appendix 6 and Skills Matrix indicating the required skills mix, experience, knowledge and other diversity criteria.

7.3 In addition to the required skills, the Committee shall ensure that nominees to the Board are persons of good repute, integrity, and that they have sufficient time to fully carry out their responsibilities.

7.4 Notices for Annual General Meetings of the Company where vacancies in the Board are declared shall contain an invitation to Shareholders to nominate any Person or Persons to stand for election to the Board by the Shareholders in line with the Board Appointment Procedure.

7.5 At each Annual General Meeting, one third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to but not greater than one-third, all being Non-Executive Directors shall retire from office.

7.6 In line with the Articles, the Directors to retire in every year shall be those Non-Executive Directors who;

- a) have been appointed by the Board since the previous Annual General Meeting in accordance with Article 67;
- b) have been the longest in office since their appointment, election or re-election, provided that where Directors were appointed, elected or re-elected but as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

7.7 Each Board member shall be appointed in writing and must signify acceptance of his/her appointment in writing, and commit to abide by this Charter and all relevant Policies and practices of the Board.

7.8 On appointment, each Board Member shall declare any real or potential conflicts of interest and thereafter as required by the Conflict of Interest Policy set out under Appendix 2 of the Board Charter.

7.9 The detailed Board appointment Procedure is set out under the Board Appointment Procedure found at Appendix 8.

7.10 The age limit for the Members of the Board shall be 70 (seventy) years however, the members at the Annual General Meeting (AGM), may vote to retain a Board member who is over seventy years.

## **8. THE ROLE OF THE CHAIRMAN**

8.1 The Chairman shall be an Independent Non-Executive Director, elected by the Board.

8.2 The Chairman provides overall leadership to the Board and is primarily responsible for the activities of the Board and its Committees.

8.3 The Chairman shall ensure Board decisions are taken on a sound and well-informed basis, including setting its agenda to ensure that adequate time is available for substantive discussion on strategy and performance.

8.4 The Chairman should harness the collective skills of the Board for greater effectiveness and encourage active participation by Board members.

8.5 The Chairman, working closely with the Group Managing Director and Company Secretary is responsible for ensuring that the Board receives accurate, timely and high-quality supporting information about the Company's performance at appropriate intervals and in an appropriate manner to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company.

8.6 The Chairman will facilitate, encourage and expect the informed and critical contribution of the Board Members in discussion and decision-taking, particularly on matters of risk and strategy and will promote effective communication between Executive and Non-Executive Board Members.

8.7 The Chairman acts as the spokesperson for the Board.

8.8 The Chairman shall ensure that:

- a) The Board satisfies its duties and responsibilities;
- b) Board members when appointed participate in an induction programme and are thereafter continually developed based on identified development needs;
- c) The Board develops and adheres to an annual Work Plan;
- d) The performance of the Board, Board members, the CEO and the Company Secretary is evaluated annually; e) The performance of the CEO is monitored;
- f) There is an appropriate and clear distinction in roles between the Board and the CEO/Management and there is effective oversight over Management;
- g) Problems relating to the performance of individual Board members are addressed;
- h) There is an appropriate culture of transparency and teamwork among Board members;
- i) Internal disputes and conflicts of interest concerning individual Board members are addressed;
- j) The Board has appropriate contact with the Management;
- k) There is an appropriate link between the Board and governmental bodies; and
- l) There are appropriate guidelines and procedures to guide the Board's functioning.

## **9. THE ROLE OF THE GROUP MANAGING DIRECTOR/CEO ("CEO")**

9.1 The CEO shall be appointed by the Board, shall be a member of the Board and shall be responsible for the operations and management of day to day affairs of the Company. In this regard, the CEO shall specifically:

- a) Provide leadership to senior Management and staff.
- b) Prepare the annual budgets and establish proper internal controls.
- c) Be responsible for the execution and communication of the Board's strategies, decisions and policies.
- d) Develop and recommend to the Board the annual business plans for the Company.
- e) Ensure that the Company has an effective Management structure including succession plans.
- f) Ensure that all Board papers are accurately written, are relevant and are given to the Board in good time.
- g) Serve as the link between the Board and the Management.
- h) Be responsible for the achievement of the objectives of the Company.
- i) Put in place effective administrative structures, processes and systems to support the achievement of the Company's strategy.
- j) Provide regular, thorough and prompt communication to the Board on key technical, financial and administrative and operational matters covering all key parameters and results areas;
- k) Be responsible for stakeholder management and the enhancement of the corporate image of the Company.
- l) Instill in the staff a culture of integrity, collaboration, excellence, accountability and service in relationships amongst those involved in or affected by the Company's activities;

- m) Assess the impact on the Company's objectives and financial position when allocating the Company's resources or capital, approving operating expenditure or making major financial decisions delegated to him;
- n) Assess the health and safety and reputation consequences of decisions or actions taken by the Company;
- o) Implement systems, including systems of risk management and Internal Controls and audits and to identify and manage risks that are material to the Company;
- p) Implement a system of employment that is fair, safe, challenging and rewarding and build a culture of trust and team spirit and implement appropriate processes for the recruitment and talent identification development, succession and retention;
- q) Maintain policies and processes to ensure that all appropriate information is disclosed to shareholders and the market in a timely fashion and in compliance with all regulatory requirements; and
- r) Maintain a comprehensive set of management delegations for the effective operations of the Company.

9.2 Being responsible for overseeing the execution of the Board's directions and policies to ensure desirable outcomes, the CEO shall:

- a) Demonstrate commitment to the organization's vision, mission, core values and mandate;
- b) Achieve set performance objectives and targets;
- c) Effectively represent the Company to stakeholders and enhance its public image; and
- d) Promptly respond to Board member's requests for information.

## **10. THE COMPANY SECRETARY**

10.1 The Board shall be assisted by a suitably qualified, competent and experienced Company Secretary.

10.2 The Company Secretary shall be appointed by the Board and be empowered to efficiently and effectively execute his or her duties and responsibilities.

10.3 The Company Secretary should be a Certified Public Secretary in good professional standing.

10.4 The Principal duties of the Company Secretary are:

- a) Provide guidance to the Board and Board Members individually on their duties, responsibilities and powers; and how these should be exercised in the best interest of the Company.
- b) Ensuring that Board procedures are followed and reviewed regularly and that the Board complies with the law, rules, regulations and the Articles.
- c) Assisting the Chairman in organizing Board activities, including providing information, preparing agenda, issuing notices and preparing for meetings, Board evaluations, Board induction and development programmes.
- d) Providing secretarial services to the Board including ensuring that the Board Work Plan is prepared and adhered to, circulating Board papers in advance of meetings, keeping a record of attendance at meetings and reporting to the Board the usage of the seal.
- e) Ensuring that the Minutes of the Board and the Committees served by the Company Secretary are promptly prepared and circulated.



- f) Coordinating the Governance Audit process.
- g) Updating the Board and Committee Charters.
- h) Maintaining and updating the register of Conflicts of Interest.
- i) Facilitating effective communication between the Board, shareholders and the stakeholders.
- j) Ensuring that the relevant annual returns are promptly filed with the relevant authorities.

## **11. COMMITTEES OF THE BOARD**

11.1 As set out in Article 88 of the Articles, the Board may delegate its power or performance of any of the functions or duties of the Board to a Committee of the Board.

11.2 In this regard, the Board shall be guided by the following principles;

- a) To effectively discharge its mandate, the Board shall establish Committees with specific terms of reference and appoint into Committees members with requisite skills and competence to discharge the responsibility of the Committees.
- b) The Board shall set their Terms of Reference and ensure that each Committee has developed a Committee Charter setting out its Terms of Reference.
- c) The Board shall periodically review the mandate and structure of the Committees.
- d) The Board may however establish such other ad-hoc committees as required to deal with any ad-hoc matters requiring focused attention.
- e) In the event that a Committee lacks specific skills and knowledge within its membership, the Board may co-opt skilled non-Board members to serve on the Committee, provided that the Chairman of a Committee shall not be a Co-opted member, and further, that the majority of the Committee members shall be members of the Board.
- f) The Board may, from time to time, and upon recommendation by the Committee responsible for Corporate Governance, rotate Board members between Committees.
- g) Decisions of the Committees shall be submitted to the Board for approval before implementation unless expressly authorized by the Board.
- h) A Committee may only perform the tasks delegated to it by the Board and may not exceed the powers of the Board.
- i) The Chairman of each Committee, in consultation with Management, will develop the Committee's agenda and set its annual Work Plan.
- j) Each Committee, with approval from the Board may take independent professional advice at the Company's expense.
- k) The Board shall ensure that Committees of the Board do not infringe on the operational responsibility of the Management team as this could negatively impact on the operation of the Company.
- l) In line with the Act and the Code, shareholders shall appoint the members of the Committee responsible for Audit and at least one member of such Committee shall have accounting expertise or experience in the field of finance and be a member of the Institute of Certified Public Accountants of Kenya (ICPAK) or an equivalent institute recognized in Kenya, or an equivalent international institute recognized by ICPAK and such member shall be in good standing.

- m) Unless approved by the Capital Markets Authority, Alternate Directors shall not serve as members of the Committee responsible for Audit.
- n) The quorum for Board Committee meetings shall be more than one half including the Chairman of such Committee.
- o) There shall be transparency and full disclosure from the Committees to the Board, except where the Board has mandated the Committee otherwise.
- p) The Chairman of each Board Committee, in consultation with the Board, shall determine the frequency of Committee meetings as is necessary to fulfill their functions.
- q) The Board shall annually review the effectiveness and performance of each Committee.

## **C. POWERS, ROLE, RESPONSIBILITIES AND PRACTICES OF THE BOARD**

### **12. POWERS AND RESPONSIBILITIES OF THE BOARD**

12.1 The Board is responsible for creating and delivering sustainable shareholder value and ensuring that the interests of shareholders are protected.

12.2 The Board determines the strategic objectives and policies of the Company to deliver long-term value.

12.3 In this regard and in order to be effective, the Board should demonstrate ethical leadership and promote the Company's vision, purpose, values, culture and behaviours.

12.4 In particular, the Board has the overall responsibility among others to;

- a) Define the Company's strategy, mission, vision, purpose, core values, business goals and objectives;
- b) Ensure that the strategy is aligned with the purpose of the Company and the legitimate interests and expectations of its shareholders and other stakeholders;
- c) Define the Sustainability goals of the Company and ensure that the strategy of the Company is aligned to the long term goals on Sustainability;
- d) Ensure that the Company has adequate resources to enable it achieve its strategy;
- e) Monitor the corporate performance and strategies and approve interim and annual financial statements and budgets;

- f) Ensure the development and approve Company policies;
- g) Ensure the implementation of an effective Risk Management Framework for the identification and management of key strategic and operational risks in the operating environment;
- h) Approve the organization structure and ensure that the same facilitates effective decision making and good Corporate Governance and ensure the development of appropriate staffing and remuneration policies including the appointment of the Group Managing Director and his/her direct reports, and setting out a framework for delegation of power and responsibilities;
- i) Set clear objectives and policies covering all aspects of operations within which Management shall operate, thereby regulating the manner in which the business is conducted;
- j) Ensure an effective Internal Control system and review on a regular basis the adequacy and integrity of the Company's Internal Control system;
- k) Establish and ensure the implementation of a system that provides timely and necessary information to the shareholders and other key stakeholders;
- l) Monitor the effectiveness of the Corporate Governance practices under which the Company operates;
- m) Oversee regulatory compliance;
- n) Establish the Company's corporate culture and values and ensure observation of the same including appropriate ethical standards and the Code of Business Conduct;
- o) Nominate suitable candidates for election as new Directors and recommend the compensation structure and practices for the members of the Board for approval by the shareholders;
- p) Review related party transactions to assess risk and ensure they are disclosed and subjected to appropriate restrictions;
- q) Approve significant changes in accounting policies and practice;
- r) Approve significant commitments, transactions, expenditures, write-offs and settlement of litigation or claims against the Company exceeding the limits delegated to Management; and
- s) Promote a positive image of the Company.

12.5 The Board has powers as set out under the Articles among others to:

- a) To borrow or raise money and to mortgage or charge its undertaking, property or any part thereof and to issue income notes, bonds, debentures and other securities;
- b) To exercise all such powers of the Company as are not by the Act or by the Articles reserved for the Company in General Meeting.
- c) To establish any local boards or agencies for managing any of the affairs of the Company, either in Kenya or elsewhere, and may appoint any persons to be members of such local

boards or managers or agents and may fix their remuneration and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies.

- d) The Board may, by power of attorney, appoint any person or any body of persons, whether nominated directly or indirectly by the Board, to be the attorney of the Company for such purposes and with such powers, authorities and discretions, not exceeding those vested in or exercisable by the Board.
- e) Set up any branch office as may be deemed fit.
- f) Appoint persons to execute all cheques, promissory notes, drafts, bills of exchange and other negotiable and transferable instruments and all receipts for moneys paid to the Company.

### **13. SUBSIDIARY GOVERNANCE**

13.1 The Board has the overall responsibility for adequate Corporate Governance across the Company's subsidiaries and shall ensure that each subsidiary adopts governance policies and mechanisms appropriate for its structure, business and risks.

13.2 In this regard, the Board shall;

- a) Exercise adequate oversight over the Company's subsidiaries while respecting the independent legal and governance responsibilities of the subsidiary Boards.
- b) Put in place measures to ensure that each subsidiary complies with all applicable governance requirements.

13.3 The Board shall receive regular reports on the performance of the Company's subsidiaries.

13.4 The Board has the responsibility of appointing suitable Persons to the Boards of the Company's subsidiaries.

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

14.1 The following matters shall be reserved for decision making by the Board, supported by any recommendation made from time to time by the Committees of the Board or Management.

#### **a) Strategy**

- i) Approval of the Company's objectives, strategic plans, the Mission and Vision; and ii) Approvals of the annual business plans, performance targets and operating and capital expenditure budgets and any material changes to them.

- b) Financial Functions** iii) The adoption of any significant change or departure in the accounting policies and practices of the Company; iv) The raising of incremental borrowing facilities;

- v) Approving the Company's financial statements and overseeing its compliance with applicable audit, accounting and reporting requirements;
- vi) Approving banking mandates and Authority limits; and vii) Approving the annual procurement plan.

**c) Governance Functions**

- i) Establishing appropriate structures and procedures to allow the Board to function independently of Management; ii) Determining the Committee Structure, Committee TORs, appointing of Committee members, Company Secretary, internal and external auditors and subsidiary Board Members; iii) Approval of the remuneration policy for the Chairman, Executive and Non-Executive Board Members subject to the shareholders' approval;
- iv) Ensuring adequate succession planning for the Board so as to maintain an appropriate balance of skills and experience on the Board;
- v) Undertaking regular evaluation of the Board, its Committees and its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members;
- vi) Determining the independence of Independent Non-Executive Directors; vii) Determining the Board Work Plan and frequency of meetings of the Board; viii) Approving the release of material non-public information; ix) Approving any Annual General Meetings Notice and Agenda;
- x) Approving and as necessary ratifying the use of the Company Seal; and xi) Approving all Policies.

**d) Risk Management, Internal controls and Audit**

- i) Approving the Company's overall risk appetite, risk tolerance, key risk limits, risk strategy and risk management framework;
- ii) Approving any hedging arrangements; iii) Approving the internal control framework; iv) Appointing the Head of Internal Audit;
- v) Approving the Internal Audit Work Plan; and vi) Selection and management of the external auditor.

#### **e) Human Resource**

- i) Recruitment, appointment and appraisal of the Group Managing Director; ii) Approval of the succession plans for the senior Management; iii) Approval of the Organizational structure; iv) Approving the remuneration structure of the Company; and
- v) The formulation of recommended policies in relation to industrial relations.

### **15. DUTIES OF INDIVIDUAL BOARD MEMBERS**

15.1 Each Board member shall be responsible in an individual capacity to:

- a) Exercise the highest degree of care, skill and diligence in discharging their duties.
- b) Promote the success of the Company.
- c) To act within the powers set out under the law, the Articles and this Charter.
- d) Act in the best interest of the Company and not for any other purpose.
- e) Act honestly at all times and not place themselves in a situation where their personal interests conflict with those of the Company.
- f) Exercise independent judgment at all times.
- g) Understand and accept the principle of collective responsibility.
- h) Devote sufficient time to carry out their responsibilities
- i) Promote and protect the image of the Company.
- j) Regularly update their knowledge and enhance their skills.
- k) Promote transparency and accountability at Board level.
- l) Promote teamwork within the Board and the Company.
- m) Owe their duty to the Company and not to the nominating or appointing person.
- n) Diligently attend Board meetings and actively participate in deliberations of the meetings.
- o) Owe the Company a duty to hold in confidence all information available to them by virtue of their position as a Board member.
- p) Avoid conflicts of interest and where necessary to disclose real, perceived or potential conflicts of interest and manage these within the agreed framework.

### **16. LIABILITY OF BOARD MEMBERS**

16.1 A Board member shall not be liable for any act done in good faith in carrying out duties and responsibilities in the Company.

16.2 While Company will take out an appropriate Directors and Officers Liability cover for its Directors, the Third Party

Indemnity is void to the extent that it provides indemnity against;

- a) The liability of a Director to pay a fine imposed in criminal proceedings; or
- b) An amount payable to a regulatory authority as penalty in respect of non-compliance with a requirement of a regulatory nature; or
- c) The liability incurred by the Director in defending criminal proceedings in which the Director is convicted or in defending civil proceedings brought by the Company, or an associated company, in which judgment is given against the Director.

16.3 It is also recognized that there is no limitation of liability for negligence or breach of the Director's duty of care and trust to the Company or its stakeholders. There is also no limitation of liability for acts or omissions not in good faith, or which involve negligence, default, intentional misconduct or violation of the law.

16.4 In the event of breach of duty, the Company may;

- a) Recover any of the Company's property misapplied by a Director/Directors;
- b) Make the Director/Directors account for the profit made in breach of the fiduciary duty; and c) Claim damages

16.5 A Director may also be criminally liable for certain acts or omissions under the Act including;

- a) Failure to register an amendment of the Articles of Association;
- b) Failure to keep a register of Directors and their particulars;
- c) Failure to notify the registrar of change of Directors and Director's addresses;
- d) Where a Director accepts benefits from third parties;
- e) Where a Director fails to declare his/her interest in a transaction/arrangement;
- f) Where the Directors fail to prepare the Director's report.

16.6 In this regard therefore, Directors are encouraged to fully understand their role, the business of the Company and to perform their duties with integrity and the necessary care and skill required of them and commensurate with their general knowledge and skill.

## **17. TERM LIMITS FOR BOARD MEMBERS**

17.1 Board members shall hold office for a three (3) year term and are eligible for reappointment for two more terms of up to three years each.

17.2 The renewal of a Board member's tenure for a second or third and final term shall be subject to an acceptable evaluation as determined during Board evaluations, and shall be subject to the procedure set out under Clause 7 above.

## **18. LIMITATION ON DIRECTORSHIPS**

18.1 Except for a corporate director, Board members shall not hold the position of a director in more than two other public listed companies at any one time.

18.2 In a case where the corporate director has appointed an Alternate Director, such Alternate Director shall be restricted to one other public listed company at any one time.

18.3 An Executive Director shall be restricted to one other directorship of a public listed company.

18.4 In order to allow the Chairman to devote sufficient time to steering the Board, he/she shall not hold such position in more than one other public listed company at any one time.

## **19. ALTERNATE DIRECTORS**

19.1 An Alternate Director shall be nominated by the substantive Director and shall be subjected to vetting by the Committee responsible for nominations.

19.2 An Alternate Director shall be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him/her is not personally present; and to perform all functions of his/her appointer as a Director in his/her absence, including that of being counted as part of a quorum at any such meeting and executing any required documents.

19.3 An Alternate Director shall cease to be an Alternate Director if his/her appointer ceases, for any reason, to be a Director.

19.4 Every appointment and removal of an Alternate Director shall be effected by notice in writing to the Company under the hand of the Director making or revoking such appointment.

19.5 An Alternate Director is entitled to be repaid expenses and to be indemnified to the same extent as if he/she were a principle Director. However, an Alternate Director is not entitled to receive from the Company any fees for his/her services as Alternate, except what is payable to his/her appointer as directed by such appointer in writing.

## **20. REMOVAL/RESIGNATION FROM OFFICE**

20.1 A Board member shall cease holding office or may be removed from office by the Company if the Board member – (a) serves the appointing Company with a written notice of resignation; or

(b) fails, without reasonable cause and without the consent of the Board, to attend three consecutive meetings of the Board and the Board resolves that, by reason of such failure, he shall cease to be a Director. (For avoidance of doubt, and for purposes of this Charter, in the event that a Board Member has appointed an Alternate Director, attendance by the Alternate Director shall constitute attendance by the substantive Director); or

(c) is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding fifty thousand shillings; or

(d) is adjudged bankrupt or enters into a composition scheme or arrangement with his creditors; or

(e) is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or

(f) is recommended for removal by the Board on the basis of non-performance, non-attendance of meetings, unethical conduct which contravenes the Code of Conduct and Ethics and applicable policies; or

(g) is removed from office by a Special Resolution of the Company in General Meeting; or



- (h) ceases to be a Director or is prohibited from being a Director by virtue of Part X of the Act; or
- (i) becomes prohibited from being a Director by reason of any order made under Section 189 of the Act; or (j) becomes of unsound mind; or
- (k) in addition to the above and in the case of Executive Directors, their appointment as such has been terminated by the Board or they have left the employment of the Company for any reason.

## **21. INDUCTION OF BOARD MEMBERS**

- 21.1 The Board shall ensure that when appointed, new Board members undergo an induction programme in line with the Board Induction and Development Policy contained at Appendix 4 of this Board Charter.
- 21.2 The aim of the induction programme is to familiarize new Board members with the Company including the responsibilities of Board members, general principles of Corporate Governance and Board practices, strategic and development plans, financial status and policies, risk management, compliance programmes, applicable policies and operations of the Company as more particularly set out in the Board Induction and Development Policy.

## **22. BOARD CONTINUOUS SKILLS DEVELOPMENT**

- 22.1 The Board, through the Committee responsible for Corporate Governance will ensure that a competence needs assessment is carried out periodically and an annual development plan, for a minimum of 12 hours per Board member per year, is put in place to address identified gaps.
- 22.2 In this regard, Board members will be provided with access to, or notice of, continuing development programs that are designed to keep members abreast of the latest developments in sector best practice, governance and critical issues affecting the company as set out in the Board Induction and Development Policy at Appendix 4 of this Charter.

## **23. BOARD PERFORMANCE EVALUATION**

- 23.1 The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement.
- 23.2 The Board shall determine its performance criteria and undertake an annual evaluation of its performance as shall be guided by the Committee responsible for Corporate Governance.
- 23.3 The evaluation shall cover the performance of the Board as a whole, its committees, individual Board members, the Chairman, the Chief Execution Officer and the Company Secretary.
- 23.4 The Board shall fully deliberate on the results of the Board Evaluation and put in place a programme to address and identified gaps.

23.5 As part of the Board Evaluation exercise, the Board shall also assess the independence of the Independent NonExecutive Directors.

#### **24. REMUNERATION FOR BOARD MEMBERS**

24.1 The Board shall develop a formal and transparent remuneration policy that is sufficient to attract and retain good Board members and is aligned with the Company's strategy.

24.2 The remuneration policy for Board members shall clearly stipulate the elements of such remuneration including directors' fee, attendance allowances and bonuses.

24.3 The Executive directors' remuneration should be competitively structured in line with remuneration for other executives in the same industry and should be aligned with the business strategy and long-term objectives of the Company.

#### **25. BOARD AND MANAGEMENT SUCCESSION PLANNING**

25.1 The Board shall approve, review annually and maintain a Board Skills Matrix and a Diversity policy to guide the appointment and replacement of Board members.

25.2 The Board shall maintain a Board rotation schedule based on the principles set out in Clause 7 above and the Articles.

25.3 In addition, the Board shall approve, regularly review and maintain a succession plan for the CEO and key Management Staff and shall be guided in this exercise by the Committee responsible for human resource matters.

#### **26. RELATIONSHIP BETWEEN THE BOARD AND MANAGEMENT**

26.1 The Board and the Management shall execute their mandate in an environment of mutual trust and respect having regard to the principles of good Corporate Governance.

26.2 In this regard, the Board shall provide clear and distinct lines of responsibility and accountability, and maintain effective channels of communication.

26.3 Under the direction of the Board, Management shall ensure that the Company's activities are consistent with the strategy and risk appetite set by the Board, as well as policies approved by the Board.

26.4 The Board shall hold Management accountable for:

- (a) The day-to-day management of the Company while ensuring that integrity permeates all aspects of the Company's operations;
- (b) The implementation of the approved strategy, annual business plans and Board decisions;
- (c) The implementation and adherence to policies, practices and standards as laid down by the Board;
- (d) The establishment of systems to facilitate efficient operations and communications;
- (e) The development of planning processes to facilitate achievement of targets and objectives;

- (f) All staff matters including recruitment, retention, development and training;
- (g) Adherence to the Code of Conduct and all relevant laws, regulations, codes, guidelines and standards;
- (h) Maintaining of all required records to ensure the integrity of reporting;
- (i) Preparation of budgets, business plans and management accounts; and
- (j) Implementing the risk management framework and adequate system of Internal Controls.

## **27. BOARD MEMBERS' ACCESS TO EMPLOYEES AND TO THE COMPANY'S INFORMATION**

- 27.1 Board members shall have full and free access to employees of the Company but such access should be arranged through the CEO or with the knowledge of the CEO.
- 27.2 The Board members will use their judgment to ensure that any such access does not disrupt the operations of the Company.
- 27.3 The Board members are entitled to have access, through the Chairman, to all information that they may need for the conduct of their business.
- 27.4 The Chairman and the CEO may invite members of Management to make presentations at Board meetings in order to provide particular insights into certain aspects of Company's business.
- 27.5 Discussions and records of Board meetings will remain confidential unless a specific direction is given from the Board to the contrary.
- 27.6 Board Members must personally take the necessary precautions to preserve the confidentiality of such information and Board matters and not divulge the same under any circumstances in line with the Confidentiality Policy contained in the Code of conduct and Ethics.

## **28. BOARD WORK PLAN**

- 28.1 The Board Work Plan shall be developed and approved by the Board for each financial year and is intended to guide the activities of the Board and its Committees during the period.
- 28.2 The Board Work Plan shall set out critical agenda items and key activities for the Board during the financial year.
- 28.3 The Board shall ensure that the Work Plan is forward looking and focuses the Board on the strategy of the Company.

## **29. BOARD PAPERS**

- 29.1 The Board shall establish standards for preparation of Board papers and reports.
- 29.2 The CEO shall ensure that all Board papers are accurately written and are relevant.
- 29.3 Board papers shall be made available to Board and Committee members not less than seven (7) working days before the date of the meeting.

## **30. BOARD AND COMMITTEE MEETINGS**

### **30.1 Notice and Agenda**

- a) Notice and Agenda of Board and Committee meetings will issue from the Company Secretary as directed by the Chairman of the Board or relevant Committee.
- b) Each Board member is free to suggest the inclusion of items on the Agenda by providing notice to the Chairman at least fourteen (14) days' prior to the meeting, to enable preparation. Additional Agenda items may be included in the agenda during the meeting subject to approval by the Board or the Committee.
- c) Save for the additional Agenda items, the Agenda for the meetings will to the degree that can be foreseen be aligned to the Board's Work Plan.
- d) Except for urgent cases, detailed Agenda accompanied by relevant supporting documents and recommendations will be provided to the Board members at least seven (7) days prior to a meeting.
- e) Board members should review these materials in advance of the meeting to enhance effectiveness.

### **30.2 Venue, Time and Frequency of Meetings**

- a) Board and Committee meetings are generally held at the head office of the Company but may also take place elsewhere as approved by the Board.
- b) The time and venue of the meetings should be clearly communicated in the notice for the meeting.
- c) The Board shall meet as regularly as required and at least quarterly in order to effectively lead the Company.

### **30.3 Procedure of Board Meetings**

#### **a) Chairing of Meetings**

- i) Board meetings shall be chaired by the Chairman of the Board and in the case of a Committee meeting, the Chairman of that committee.
- ii) In the absence of the Chairman, one of the Board members or Committee members as the case shall be, designated by the members present at the meeting, will chair.

#### **b) Constitution of Meetings**

- i) The quorum for Board meetings shall be more than one-half of the number of Directors for the time being holding office or their Alternates.

- ii) Similarly, quorum for Committee meetings shall be more than one-half of the number of Committee Members (including any Co-opted members) for the time being holding office, and or their Alternates.
- i) If a quorum is not present, the meeting shall be adjourned to the same day in the following week, at the same time and place, or at such other time and place as the Board shall deem fit.
- ii) Meetings shall only commence upon confirmation that there is quorum for the meeting. Such quorum must be maintained throughout the meeting. Board and Committee members shall therefore endeavour to attend and stay throughout the meeting.
- iii) Board and Committee members who are unable to attend shall inform the respective Chairman and the Secretary well in advance of the meeting for recording.

### **c) Protocol of Board Meetings**

- i) Board and Committee members are required to adequately prepare for meetings so as to participate fully, frankly and constructively in Board discussions, and bring the full benefit of their particular knowledge, skills and abilities to the Board's decision-making process.
- ii) The Chairman, having ensured that the meeting is properly constituted, will also ensure that at an appropriate time during the meeting, the minutes of the previous meeting are confirmed and matters arising therefrom handled.
- iii) At every Board or Committee Meeting, members shall be required to declare any conflict of interest in relation to the agenda before them.
- iv) Any conflict of interest shall be dealt with in line with the Conflict of interest policy approved by the Board and set out in Appendix 2 of this Charter.

### **d) Tele-conferencing**

- i) Board or Committee meetings may be held by video or tele-conferencing in the case where some of the participants will not be physically present. ii) The Company Secretary shall ensure that the necessary arrangements are in place to facilitate effective and secure communication during the meeting;
- iii) On sending out the notice of the meeting, the Company Secretary shall also confirm whether each Board member or participant will attend physically or through tele-video conferencing;
- iv) At the start of the scheduled meeting and for the purpose of confirming quorum, a record of attendance shall be taken during which each Board member or participant will clearly state, for the record, their full name, location and give confirmation that they can clearly hear the others;
- v) All Board members or participants shall identify themselves for the record before speaking.

- vi) If a statement of a Board member or participant in the meeting via tele-video conferencing is interrupted or garbled, the Chairman shall request for a repeat or reiteration;
- vii) The Chairman should ensure that resolutions are clarified for record purposes; and viii) The Chairman should ensure that the agenda is suitable for tele-video conferencing.

#### **e) Decision Making**

- i) The Board's discussions will be open and constructive and the Board members, with the guidance of the Chairman, shall work towards unanimous adoption of resolutions.
- ii) However, Board members are entitled to voice dissenting opinions and if necessary, have these recorded in the minutes when unanimity cannot be reached.
- iii) Resolutions of the Board will be made at Board meetings or in exceptional circumstances approved in writing by circulation, provided that in respect of the latter the proposed resolution is submitted to all Board members and none of them objects to this form of adoption.
- iv) Approval of resolutions by circulation shall be effected in writing by all Board members and must be unanimous. Objection to this method of adoption or to the proposed resolution should also be in writing.

#### **f) Resolutions and Minutes**

- i) The Company Secretary shall take minutes of all meetings of the Board as a record of the outcomes, rather than the course of discussion, with resolutions being highlighted therein.
- ii) The Board may designate such other persons as Secretary to its Committees, and such persons shall be required to keep a record of the minutes of the respective Committee.
- iii) The minutes should be circulated to the Board or Committee members as soon as possible after the meeting.
- iv) Upon confirmation, the minutes should be signed by the Chairman and added to the records of the Company. Corrections to previous minutes will be recorded in the minutes of the meeting where the corrections are made and adopted by the Board members. The Board may however require the minutes to be rewritten if the corrections are substantial. Urgent resolutions may be drawn up and signed immediately in the relevant meeting.
- v) The Company Secretary shall keep all the minutes of Board and Committee meetings.

#### **g) Implementation of Resolutions**

- i) Generally, the Board delegates to the CEO the responsibility for implementing the resolutions of the Board.
- ii) The CEO may delegate some of these responsibilities to Senior Management but he/she shall remain accountable.
- iii) The Board is responsible for monitoring the implementation of the resolutions.

### **31. CODE OF CONDUCT FOR BOARD MEMBERS**

- 31.1 Board members have a duty to act ethically at all times and in accordance with this Charter and in line with their fiduciary duty to act honestly and in the best interests of the Company.
- 31.2 The Board shall therefore promote ethical conduct and sanction misconduct.
- 31.3 Towards this end, the Board members shall bind themselves to the Code of Conduct for Board members set out under Appendix 2 of this Charter.
- 31.4 The Board shall review the Code and policies as necessary.

### **32. GOVERNANCE AUDIT**

- 32.1 The Board shall ensure that a Governance Audit of the Company is undertaken annually by a competent and recognized professional accredited for that purpose by the Institute of Certified Public Secretaries of Kenya (ICPSK).
- 32.2 The purpose of the Governance Audit is to ensure that the Company conforms to the highest standards of good Corporate Governance.

### **33. TRANSPARENCY AND DISCLOSURE**

- 33.1 The Board shall ensure effective, accurate, timely and transparent disclosure of pertinent information on the Company's operations and performance as follows:
- 33.2 The Board shall ensure disclosure, among others, of the following in the Annual Reports:
- a) A statement on whether it has an Audit Committee, the members, their qualifications, independence and the mandate of such committee.
  - b) Whether evaluation of the Board, the Chairman, the CEO and Company Secretary has been undertaken.
  - c) A statement on the Company's vision, mission values and strategic objectives and how these influence Board and Management behaviour towards maximization of shareholder value.
  - d) The level of compliance with Laws, Regulations and Standards.
  - e) Any material departures from required compliance, the causes of non-compliance and the measures to address the non-compliance.
  - f) Details of current Board members including their qualifications, other board membership and whether they are regarded as Independent.
  - g) The Company's policy on conflict of interest.
  - h) The Company's environmental, social and governance policies and implementation thereof.
  - i) The Management Discussion and Analysis, setting out;
    - Management's assessment of the factors that affected the Company's financial condition and results of operation over the period covered by the financial statements; and

- Known trends that are reasonably likely to have a material effect on the Company's financial condition and results of operations in the future.
- j) Whether a Governance audit was carried out.
- k) The governance structure including the composition and size of the Board, the committees of the Board, Management and their mandate.
- l) The Company's policy on information technology.
- m) A confirmation that there were no known insider dealings.
- n) The Company's risk management policy.
- o) The top ten key shareholders.
- p) A statement on compliance with good Corporate Governance. The statement should indicate aspects of the Code which have not been applied, the reasons thereof, indicative timelines and proposed strategies towards application.
- q) The Company's Whistle Blowing Policy.

33.3 The Board shall disclose, among others, in the financial statements:

- a) The remuneration of Directors, individually and collectively.
- b) The salaries and remuneration of the Chief Executive Officer and any other Executive Directors.
- c) That it has complied with the International Financial Reporting Standards in preparing the financial statements.
- d) Any deviation from financial policies.
- e) That the Company is a going concern based on the Triple Bottom Line concept.
- f) The major sources of revenue and items of expenditure.
- g) Related party transactions.

33.4 The Board shall disclose, among others on the Company's website:

- a) The Code of Ethics and Conduct of the Company;
- b) The policy of the Company on conflict of interest;
- c) The policy of the Company on whistle blowing;
- d) The extent to which the above policies have been effective in tackling unethical behavior within the Company.
- e) The Company's Board Charter.
- f) The Company's policy on Corporate Social Responsibility and Investment.

#### **34. ACCOUNTABILITY, RISK MANAGEMENT AND INTERNAL CONTROLS**

34.1 The Board shall ensure that the Company has adequate systems and processes of accountability, risk management and internal controls.



- 34.2 The Board shall establish and implement a process to provide reasonable assurance regarding the reliability of financial reporting and compliance with applicable laws and regulations so as to achieve the objectives and long-term goals of the Company.
- 34.3 The Board shall also ensure that the external audit of the financial statements is completed and submitted to the requisite authorities within timeliness stipulated in any law or government policies.
- 34.4 In addition, the Board shall ensure the establishment of a Committee responsible for Audit and which shall oversee the Internal Audit Function and the external audit.
- 34.5 The Board shall ensure that the procurement process is cost-effective and that it delivers value for money for the Company. In this regard, the Board shall ensure the establishment of a procurement policy that promotes sustainability, high ethical standards and best practice.
- 34.6 The Board recognizes the importance of the use of Information Communication Technology (“ICT”) tools to and shall leverage its use to conduct business and interact with stakeholders and in monitoring the performance of the Company. The Board shall establish an ICT policy that promotes the use of ICT.

### **35. CONFLICT OF INTEREST**

- 35.1 Board members must avoid conflicts of interest between their private activities and their part in the conduct of the business of the Company.
- 35.2 Board members shall comply with the Board’s Conflict of Interest and Gifts Policy set out in Appendix 2 of this Board Charter.

### **36. STAKEHOLDER RELATIONSHIPS**

- 36.1 The Board shall manage stakeholder relationships in a proactive manner to ensure the realization of the legitimate interests and expectations of stakeholders and the achievement of corporate objectives.
- 36.2 In this regard, the Board shall be guided by the Stakeholder Management Policy set out under Appendix 7.

### **37. CORPORATE CITIZENSHIP**

- 37.1 The Board shall foster a corporate culture that promotes ethical practices and ensure good corporate citizenship and corporate social responsibility and investment.

### **38. COMMON SEAL OF THE COMPANY**

- 38.1 The common seal of the Company shall be kept as directed by the Board and only used as may be directed by the Board.
- 38.2 The Common seal of the Company shall be authenticated by the signature of any Director, the Company secretary or any other person authorized by the Board, and in the presence of a witness.
- 38.3 The Company Secretary shall ensure that the Board is aware of and ratifies the use of the Company seal on any document.

### **39. DISPUTE RESOLUTION**

39.1 The Board shall also take reasonable steps to encourage stakeholders to solve their disputes through Alternative

Dispute Resolution mechanisms and in this regard shall be guided by the Dispute Resolution Policy set out under Appendix 5 with the aim of ensuring that disputes with and among stakeholders are resolved effectively, efficiently and expeditiously

### **40. COMPLIANCE WITH LAWS AND REGULATIONS**

40.1 The Company shall conduct its business affairs in full compliance with all applicable laws, rules and regulations. This includes compliance with the Constitution, all applicable laws and regulations, Codes and in line with accepted national and international standards, as well as, the internal policies of the Company.

40.2 In this regard, the Board shall ensure that laws, rules, regulations, codes and standards, which are applicable to the Company, are identified, documented and observed.

40.3 The Board shall ensure that a legal compliance audit is carried out regularly, with the objective of establishing the level of adherence to applicable laws, rules, regulations and standards.

### **41. COMMITMENT**

41.1 Upon appointment, each Director shall bind themselves to upholding the principles set out under this Charter and the various policies outlined by executing the Undertaking contained in Appendix 7.

### **42. REVIEW OF THE CHARTER**

The Board will review this Charter as required to ensure it remains consistent with the Board's objectives and responsibilities.

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This Board Charter is Effective from 16<sup>th</sup> November 2018

## **Appendix 1 – Directors’ Code of Conduct**

### **1. Introduction**

- (a) All Directors appointed to the Board of Kenya Airways PLC are required to strictly adhere to this Code of Conduct.
- (b) All Directors are subject to the Company’s Code of Business Conduct and Ethics for all business related conduct.
- (c) If a person believes that a Board Member has violated a provision of this Code, they are expected to report the matter to the Board of Kenya Airways PLC.
- (d) All conversations, calls and reports made in good faith will be taken seriously and investigated promptly and as confidentially as possible.
- (e) Board Members are expected to adopt appropriate behaviours and promote a culture based on good Corporate Governance principles and practices by acting with transparency, fairness and objectivity in all transactions, exemplifying the Company’s and those values included in this Code and integrating them into policies and Board practices, fostering a climate of trust and respect, which expects and supports ethical behaviour and in which concerns may be raised without fear of reprisal through open dialogue, being alert and dealing with undesirable or inappropriate conduct properly and in a timely fashion.
- (f) In particular, Board Members shall adhere to the principles set out below, and shall upon appointment, undertake to uphold this Code of Conduct by executing the Undertaking contained in Appendix 7.

## **2. Conflict of Interest**

- (a) Directors are required to avoid situations where their personal interests conflict with those of the Company.
- (b) Directors shall comply with the provisions of the Conflicts of Interest and Gifts policy set out in Appendix 2 of this Charter.

## **3 Misuse of Position**

- (a) Directors must not use the Company's name or facilities for personal advantage.
- (b) Directors must not solicit or otherwise accept inducements either directly or indirectly whether in cash or in kind.

## **4 Misuse of Information**

- (a) Directors should not deal in the securities of the Company at any time when in possession of information, obtained by virtue of connection with the Company, which is not generally available to shareholders of the Company and the public, and which, if it were so available, would likely bring a material change in the market price of the shares or other securities of the Company. In this regard, Directors shall adhere to the Insider Trading Policy which is attached to this Charter as Appendix 3.
- (b) Directors who possess insider information are also prohibited from influencing any other person to deal in the securities concerned or communicating such information to any other person, including other members of staff who do not require such information in discharging their duty.

## **5 Confidentiality**

- (a) Confidentiality is of paramount importance for Board members.
- (b) No Director should during, or upon and after termination of appointment on the Board (except in the proper course of his/her duty and or with the Company's written consent) divulge or make use of any information known to them by virtue of their position on the Board.
- (c) Information is deemed confidential if it is not public knowledge and comes to the Board member's knowledge only by virtue of their position on the Board and includes information that is of a personal nature, is sensitive, information provided in confidence, or if the inappropriate disclosure of the said information would be problematic for the Company, all communications, documents, information and materials of any kind whatsoever, whether written, graphic, oral, electronic, computer programmes or data, technical, copied or taped, and any confidential communication. Confidential information

may be held on paper, CD/DVD, USB sticks, computer file or printout, laptops, palmtops, mobile phones, digital cameras or even heard by word of mouth.

- (d) Upon appointment, all Board members are required to give a Declaration of Confidentiality in the form contained at Appendix 5 of this Board Charter.
- (e) Board members must keep their Board papers securely and must not allow unauthorized access to such papers, whether in printed or electronic form.
- (f) The Chairman of the Board shall be the person authorized to disclose any required information on behalf of the Board, while the Chief Executive Officer shall be the person authorized to disclose any required information on behalf of the Company.
- (g) Any suspected violation of this Policy shall promptly be reported to the Chairman of the Board or the Committee responsible for Audit, who upon the necessary investigation shall make appropriate recommendations to the Board for action.

## **7 Fair and Equitable Treatment**

- (a) All business dealing on behalf of the Company with members of staff and other stakeholders, who may have cause to rely upon the Company, should be conducted fairly and equitably.
- (b) Directors must not be influenced by friendship or association and shall ensure that all preferential transactions on behalf of the Company with insiders or related interests are avoided. If transacted, such dealings should be in full compliance with the law, judged on normal business criteria basis and fully documented and duly authorized by the Board where necessary.