

Board Charter

Olympia Capital Holdings (OCHL)

For the Directors



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OLYMPIA CAPITAL HOLDINGS LIMITED

BOARD CHARTER

This Charter (the "Charter") has been adopted by the Board of Directors of Olympia Capital Holdings Limited ("OCHL") to assist the Board and its committees in exercising their responsibilities. The Board of Directors will review this Charter from time to time.

I. OPERATION OF THE BOARD

1. Responsibilities

The basic responsibility of the Directors is to ensure OCHL's prosperity by collectively directing OCHL's affairs, and to exercise their business judgment to act in what they reasonably believe to be in the best interests of OCHL, its shareholders and relevant stakeholders.

In this regard it is especially noted that OCHL is Kenyan based and committed to actively promoting a transformed, vibrant, and globally competitive financial sector that reflects the demographics of Kenya and the operations in the other subsidiary and associate companies in South Africa and Botswana. It also seeks to contribute towards economic growth, development and the establishment of an equitable society. In discharging this obligation, directors should be entitled to rely on the honesty and integrity of OCHL's senior executives and its independent advisors and auditors.

For this purpose, the Board of Directors will:

1.1 In general

- Determine and review OCHL's purpose and values;
- Determine the strategy and long-term direction of OCHL to achieve its objectives as a business enterprise;
- Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
- Regularly assess its performance and effectiveness as a whole, and that of individual directors, including the Chief Executive Officer/s (CEO), even if there are more than one Chief Executive Officer) of

OCHL and the Chairperson of the Board (hereinafter referred to as "the Chairperson");

- Embrace the Code of Practices and Corporate Conduct as stipulated by the Capital Markets Authority with corporate governance guidelines and recommendations. For purposes of this Charter, the members of the Board will ensure that they are fully informed of OCHL's Memorandum and Articles of Association, the Capital Markets Authority Act and the Nairobi Stock Exchange Regulations requirements.

1.2 Ensure that:

- Policies and procedures are in place that protect OCHL's assets and reputation;
- OCHL complies with all relevant laws, regulations and the Capital Markets Authority Act and the Nairobi Stock Exchange Regulations, as OCHL is a regulated entity;
- Technology and systems used in OCHIL are adequate to run the business properly;
- OCHL has development and succession plans for its executive directors and senior management;

1.3 Review, evaluate and approve:

- OCHL's financial objectives, budgets and forecasts, capital adequacy as well as performance targets and return on capital;
- Major resource allocations and capital investments; the financial and operating results of OCHL, as well as its going concern status;
- Identified key risk areas and key performance indicators in order for OCHL to generate economic profit, so as to enhance shareowner value in the long term, and at the same time recognizing the wider interests of society;
- The overall corporate organizational structure and the assignment of senior management responsibilities;
- OCHL's transformation targets and objectives; compensation strategy as it relates to senior employees; OCHL's corporate objectives and policies relating to social responsibility;
- The process to ensure the integrity of OCHIL's risk management and internal controls;

- The role and effectiveness of the Board Committees, Board Plan and Committee Terms of Reference, annually;
- The scope and application of the OCHL Approval Framework, periodically.

The directors will therefore have to:

- Ensure that they have the time to devote in order to properly carry out their responsibilities and duties to OCHL
- Exercise leadership, integrity and judgment, as well as the utmost good faith and honesty in all their dealings with or on behalf of OCHL and act independently of any outside fetter or instruction;
- In line with modern trends worldwide, not only exhibit the degree of skill and care as may be reasonably expected from persons of their skill and experience (which is the traditional legal formulation), but also exercise both the care and skill any reasonable person would be expected to show in looking after his/her own affairs;
- Qualify themselves on a continuous basis with a sufficient understanding of OCHL's business and the effect of the economy, and be informed about the financial, industrial and social milieu in which OCHL operates
- Never permit a conflict of duties and interests and to disclose potential conflicts of interest at the earliest possible opportunity;
- Treat any confidential matters relating to OCHL, learned in their capacity as a director, as strictly confidential and not divulge them to anyone without the authority of OCHL;
- Regularly attend all meetings and insist that Board papers and other important information regarding OCHL are provided to them in time for them to make informed decisions;
- Be prepared and able, where necessary, to express disagreement with colleagues on the Board including the Chairperson and CEO;
- Act with enterprise for and on behalf of OCIL and always strive to increase shareowners' value, while having regard for the interests of all stakeholders relevant to OCHL; and
- Take due cognisance (from a holistic perspective) of environmental codes and practices during their deliberations; and
- If in doubt about any aspect of their duties, obtain independent professional advice at the earliest opportunity.

2. Powers

The powers of the Board of Directors are set out in the Articles of OCHL; the exercise of these powers is governed by the Companies Act Cap 486 Laws of Kenya ("the Companies Act"), the common law as enforced in the courts and the previously approved.

The OCHL Board has separated the business activities within the company into different business clusters. These clusters may exclude certain business activities that would normally fall within the legal activities of a subsidiary or associate company and its legal structure. On the other hand, it may also include certain business activities that normally fall outside the legal scope of activities of such a subsidiary or associate company and its legal structure.

The OCHL Board has therefore reserved authorization powers regarding the excluded activities of the associate and subsidiary company for itself or delegated it to the Boards of other associate and subsidiary companies of OCHL.

Similarly the OCHL Board has authorized the associate and subsidiary companies to manage the additional activities on behalf of the OCHL as if it were part of OCHL and its legal structure.

In some instances the business activities, which run across the legal boundaries, are managed by way of legal agreements between the boards of the legal entities involved. The relevant corporate governance practices implemented to regulate the above arrangements may require the OCIL Board to approve decisions taken by other authorized boards regarding business activities within OCHL and its legal structure, on a formal basis.

3. Board and Committee Meetings

Regular Board meetings will be held, approximately four to six times per year, and special meetings will be called as necessary. A schedule of dates and locations of the regular meetings will be provided to the Directors well in advance. Directors are expected to attend Board meetings and meetings of the committees on which they serve.

The following standing committees are sub-committees of the Board as authorized by Article 112 in the Articles of Association of OCHIL:

- Audit Committee
- Investments Committee

- Staff, Nominations and Remunerations Committee

Other special ad hoc committees may be appointed by the Board from among its members for any specific purpose the Board may deem necessary and be discontinued as required. The committees are an aid to assist the Board in discharging their duties and responsibilities. The committees shall conform to any regulation that may be imposed on it by the Board of Directors. The ultimate responsibility vests with the Board and as such the Board can not abdicate this responsibility to the committees.

The responsibilities and activities of the committees, their terms of reference, membership and number of meetings to be held, are detailed in Appendix III herein, which are annually approved by the Board. The Chairperson of each of the committees report to the Board on issues submitted for discussion at the committee meeting.

The Chairperson, CEO or committee chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate.

4. Agenda Items for Board Meetings

The Chairperson will establish the agenda for each Board meeting. At the beginning of the year the Chairperson will establish a schedule of agenda subjects to be discussed during the year to the degree this can be foreseen). Refer Annexure II herein for a draft annual Board plan. Each Director is free to suggest the inclusion of items on the agenda. Each Director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the Directors approximately one week prior to each Board meeting. Directors should review this material in advance of the meeting. Directors having items to suggest for inclusion on the agenda for future Board meetings should advise the Company Secretary well in advance of such meetings.

5. Director Remuneration

Non-executive Directors shall receive reasonable remuneration for their services as such. Directors who are employees of the Company or any of its subsidiaries shall receive no additional remuneration for serving as Directors.

The form and amount of Director compensation will be determined by the OCHL Board after considering proposals in this regard from its Staff,

Nominations and Remuneration Committee, within any limitations imposed by shareholders, and in accordance with the policies and principles set forth in the Committee's Charter; this Committee will conduct an annual review of such Director compensation.

6. Director Orientations and Education

The Board will from time to time evaluate the training needs of the Directors with respect to the business of OCHL as well as their fiduciary duties and legal responsibilities as directors and draw up a training program. All new Directors will be provided with an initial orientation in order to familiarize themselves with their responsibilities as Directors under the law, and with OCHL and its strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Ethics, its senior management, and its internal and external auditors. The Directors will also ensure that they remain informed.

The Company Secretary will co-ordinate all training needs of the Directors and ensure that the Board's approved directors' orientation and training program is implemented.

7. Directors' Access to Officers and Employees

Directors have full and free access to officers and employees of OCHL. Any meetings or contacts that a Director wishes to initiate may be arranged through the CEO or the Company Secretary. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of OCHL and will, to the extent not inappropriate; copy the CEO or the Company Secretary on any written communications between a Director and an officer or employee of OCHL.

8. Independent Advisors

The Board and each committee have the power to, after having discussed it with the Chairperson of the Board, and in coordination with the Company Secretary, engage experts or advisors, including independent legal counsel, to obtain independent, professional advice relating to the affairs of OCHL, or to their other responsibilities as Board members.

II. BOARD STRUCTURE

1. Size of the Board

OCHL's Articles of Association prescribe that the number of Directors of OCHL which shall constitute the whole Board shall not be less than 2 (two) nor more than seven (7). The exact number of Directors within such range shall be determined from time to time by resolution of the Board, and the majority will be non-executive directors.

2. Selection of Directors

Shareholders are responsible ultimately for electing or removing Board members, and it is in their interests that the Board is properly constituted. The Board through the Staff, Nominations and Remunerations Committee of OCHL however usually plays a role in selecting its own members, and should accordingly plan for its own continuity and succession.

OCHL adopts a process of staggered continuity and re-election of their Boards, to ensure a continuity of experience and knowledge. In terms of OCHL's Articles of Association, at the Annual General Meeting held each year, one third of the directors must retire from office.

The shareholders will elect and appoint, and the Board will induct, develop and remove Board members as and when necessary. Incompetent or unsuitable directors (including those who fail to attend meetings without proper explanation) should be removed, taking relevant legal, regulatory and other matters into consideration, with the Chairperson usually leading the process.

3. Director Qualifications

The OCHL Staff, Nominations and Remunerations Committee, on an annual basis, reviews the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board.

The Board's standards for determining characteristics of a Director are set out in Appendix I herein to this Charter.

4. Director Retirement

The Board's retirement age policy is that Directors will cease to hold office on the day of his/her 70th (seventieth) birthday. Any director who is over seventy (70) years shall be in office in service as long as the general meeting approves.

5. Resignation from the Board

Any Director may resign at any time by giving 1 (one) months' notice in writing or earlier with the permission of the other Directors.

6. Board Interaction with Institutional Investors, Analysts, Media, Customers and Members of the Public

Except where directed by the Chairperson, CEO or the Chief Operations Officer of OCHL, communications on behalf of OCHL with the media, securities analysts, stockbrokers and investors must be made only by specifically designated representatives of OCHL. If a Director receives any inquiry relating to OCHL from the media, securities analysts, brokers or investors, including informal social contacts, he or she should decline to comment and ask them to call OCHL's Chairperson, CEO, Chief Operations Officer, the Chairman of the Board or any other executive Director.

7. Board and Director Appraisal

Directors will be assessed both individually, and collectively as a Board.

Formal evaluations of Directors are to be conducted by the Chairperson regularly and, if peer reviews are in place for executive management, these should be extended to director level. The Chairperson should ensure that the Directors know that they will be the subject of a review, the criteria used for assessment and the procedure that will be followed. A series of assessment questions should be distributed in time for Directors to complete prior to any meeting with the Chairperson.

The assessment questions should also include an evaluation of the other Directors. The responses will be collected and collated by the Chairperson, who then discusses the results with each member. The Chairperson may obtain the counsel of the OCHL Staff, Nominations and Remunerations Committee in fulfilling this task. A consolidated summary of the results of the process should be reported to the full Board.

If a deficiency has been identified, a plan should be developed and implemented for the director to acquire the necessary skills or behavior patterns. It is important that director evaluation be approached in an open, constructive and non-confrontational manner and that this should be a two way process.

This will also form the basis for the Board to identify key objectives for the effective functioning of the Board for the subsequent year.

While individual evaluations should be conducted regularly, an assessment of the functioning of the Board could be undertaken less frequently, particularly if the composition of the Board is stable. An appropriate time to conduct a further Board assessment would be when there are no major changes to strategy or structure.

8. Disqualification of Directors

The Companies Act, Cap 486 Laws of Kenya and OCHL's Articles of Association set out the grounds for the disqualification of directors, which include insolvency, unsound mind, resignation and non- attendance of meetings.

9. Indemnities and Insurance

OCHL will provide the Board and committee members with, and will pay the premiums for indemnity and insurance cover while acting in their capacity as members, to the fullest extent permitted by the Companies Act, Cap 486 Laws of Kenya. The level of cover provided will be decided upon by the Board after considering proposals in this regard from its Audit Committee.

III BOARD FUNCTIONS

1. Chairperson

1.1 General

The OCHL Board requires the firm and objective leadership of a Chairperson who ensures that all directors, executive and non-executive alike, are enabled to play their full part in the Board's activities. The Chairperson's primary function is to preside over meetings of directors and to ensure the smooth running of the Board, in the interests of good governance. The Chairperson will usually also preside over OCHL's shareholders' meetings. The position of Chairperson of OCHL requires a fundamental understanding and strong knowledge of finance and financial risk relevant to the institution. The Chairperson is also expected to represent the company on business and industry organizations.

1.2 Appointments and Appraisal

Each year the Board will appoint from amongst the Board members a Chairperson. The Deputy Chairperson will deputise the Chairperson in his/her absence or at his/her request. The Board via its Staff, Nominations and Remunerations Committee will appraise the performance of the Chairperson on an annual or such other basis as the Board may determine.

1.3 Responsibilities

Responsibility for the working of the Board is the Chairperson's principal role and includes, among other things, the following:

- *Providing leadership:* Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions.
- *Selection of members:* Actively participating and recommending, subject to Board and shareholder approval, that the membership is properly balanced. The Chairperson should also ensure, through the OCHL Staff, Nominations and Remunerations Committee, that a formal succession plan for the Board is in place.
- *Setting of agendas:* In conjunction with the CEO and Company Secretary, setting the agenda for Board meetings. He/she must also ensure that the appropriate information on every issue is placed before the Board so that members can make informed decisions.
- *Chairing of meetings:* The Chairperson will act as facilitator at meetings of the Board to ensure that no director, whether executive or non executive, dominates the discussion, that relevant discussion takes

place, that the opinions of all Directors relevant to the subject under discussion are solicited and freely expressed and that Board discussions lead to appropriate decisions. The Chairperson will seek consensus in the Board but may, where considered necessary, call for a vote in which event the decision of an ordinary majority of the Board shall prevail.

- *Reviewing of minutes of meetings:* Reviewing the minutes of the meetings of the Board, before the meeting at which they will be presented for confirmation, to ensure that: they accurately reflect the Board's deliberations; and » matters arising from the minutes and on which further action is required, have been addressed.
- *Directors and Board evaluations:* Taking a lead in monitoring and evaluating the individual performance of Directors and taking the initiative in initiating periodic evaluations of the Board as a whole. The evaluation of the Chairperson is to be carried out in discussions by the Staff, Nominations and Remunerations Committee.
- *Director induction:* Arranging for new Directors to be properly inducted.
- *Work program:* In conjunction with the CEO and Company Secretary, initiating the formulation of a Board Plan to ensure that the Board establishes, at the beginning of each year, the goals it wishes to achieve and the means by which this will be carried out.
- *Committees:* Initiating the establishment of Board committees and ensuring that they achieve their objectives.

1.4 Relationship with management

The Chairperson will have no executive functions. He will act as the main link between the Board and management and particularly between the Board and the CEO as no company is likely to run effectively and efficiently unless there is a good working relationship between the Chairperson and the CEO and unless each respects the other's abilities and personal qualities.

The Chairperson, along with all other Directors, should recognize that the CEO is the leader of the Company in all matters of operational management and should not expect, as a right, to become involved in the Company's day-to-day operations. It is the CEO's responsibility to report to the Board as a whole and not just to the Chairperson. Should Because of their particular relationship, the Chairperson nevertheless:

- Expect to be kept informed by the CEO of all such important matters as emerging problems, risks, potentially good or bad

publicity, investment and divestment proposals, funding issues and current performance. Especially issues of concern to the CEO or Chairperson should be freely discussed.

- Make him or herself available at all reasonable times to the CEO to
 - Act as a sounding board and be part of the control mechanism in ensuring that the CEO's decisions are properly considered and soundly based, and
 - Give assistance and advice when needed, especially on sensitive matters, which the CEO feels unable to discuss with other executives.
- Ensure that the CEO understands and properly performs his or her role in the relationship.
- In addition to having an effective working relationship with the CEO, the Chairperson should have free access to discuss financial funding and performance issues directly with the Chief Operations Officer. The CEO should, however, be aware of such discussions.
- Ensure that he is sufficiently familiar with company activities and senior management so that he is in a position to provide the Board with independent comment on the CEO's reports.
- Keep him/her fully informed of trends and changes in the finance and insurance industries and OCHL's operating environment, both locally and internationally. He should generally also stay more informed of the company's business and strategy than other directors. To achieve this, the Chairperson will be invited to attend strategy and budget setting meetings. At these meetings the Chairperson will act as observer, sounding board and adviser, but not as a member of the executive team.

1.5 Relationship with shareholders

The Chairperson should chair all the Annual General and general meetings of OCHL and all other shareholder meetings. However, the responsibility of reporting on the detail of the business to shareholders is mostly that of the CEO, assisted by the Chief Operations Officer.

1.6 Other relationships

The Chairperson can be called upon to visit, meet or entertain clients, employees, regulators or other people who are important to OCHL. He may have to make speeches or negotiate on occasions on behalf of the company.

OCHL should endeavor to have a good working relationship with its regulators. It is a specific requirement that the Chairperson, in addition to the CEO and other staff, not only be in a position to maintain his relationships with the Regulators in good standing, but that he also take active steps to strengthen these relationships.

OCHL is affiliated to a number of business organizations, and the CEO is its first choice as representative at these organizations. However, the Chairperson may from time to time represent the company at these organizations where he and the CEO agree on such representation.

1.7 General

While performing the functions set out above, the Chairperson should also be expected to play a leading role in supporting the CEO in:

- The process of forming the company's vision and goals before their presentation to the Board;
- The company's strategic direction and planning process before its presentation to the Board;
- Fostering high corporate ethical standards and positive relationships with the company's stakeholders; and
- Ensuring adherence by the company to both the letter and the spirit of the law.

2. Chief Executive Officer/s of OCHL (CEO)

2.1 General

The CEO has a critical and strategic role to play in the operational success of OCHL's business. Where more than one CEO is appointed by the OCHL Board, an effective and efficient allocation of operational responsibilities will be made. The close relationship between the Chairperson, the company and its industry makes it absolutely essential that there be a clear understanding and role clarity in respect of the CEO. There should accordingly be a clear division of responsibilities between these two roles to ensure a balance of power and authority, such that no individual has unfettered powers of decision-making. Therefore, the roles of Chairperson and CEO should be separate, with responsibilities divided between them.

2.2 Responsibilities

The task of the CEO is to run the business and implement the policies and strategies adopted by the Board. All Board authority conferred on management is delegated through the CEO, so that the authority and accountability of management is regarded as the authority and accountability of the CEO insofar as the Board is concerned.

The Chairperson, in consultation with the Board, shall set certain specific targets directed at achieving OCHL's goals and business objectives and an appropriate delegation of authority to the CEO to ensure that the targets are achieved. The CEO shall act within the specific authorities delegated to him or her by the Board.

The Board shall annually via the Staff, Nominations and Remuneration Committee of OCHL measure the CEO's performance as it relates to achieving the specific targets.

Without in any way limiting the obligations of the CEO as determined in his or her contract, the CEO shall, in particular, be responsible for:

- Ensuring the growth and profitability of OCHL within the vision, goals and strategic direction approved by the Board;
- Making sure that the assets of OCHL are adequately maintained and protected, and not unnecessarily placed at risk;
- Ensuring that the comprehensive and appropriate internal control mechanisms are recommended to and adopted by the Board in order to mitigate against key risks;
- Not causing or permitting any practice, activity or decision by or within OCHL that is contrary to commonly accepted good business practice, good corporate governance or professional ethics;
- Communicating to the Board, at least annually, OCHL's senior management succession planning and management development initiatives, including details of the company's compliance with employment equity and human capital development imperatives; and
- Developing and growing OCHL's human capital. The CEO should maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of top-quality employees at all levels of OCHL, and
- Serve as the chief spokesperson for the OCHL Group of businesses.

2.3 Appraisal

The Chairperson, in consultation with the OCHL Staff, Nominations and Remunerations Committee, appraises the performance of the CEO in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term. The Staff, Nominations and Remuneration Committee should make an annual report to the Board on succession planning. The entire Board will work with the Committee to nominate and evaluate potential successors to the CEO.

3. Executive and Non-Executive Directors

The law does not recognize the distinction between an executive and non-executive director. Every director has a legal duty to act independently, in good faith, with due care and skill, and without fetter or instruction. The labels of executive, non-executive has evolved with practice.

All directors, both executive and non-executive, are bound by fiduciary duties and duties of care and skill. Non-executive directors perform such duties intermittently and have less regular access to the books and records of OCIL than do executive directors. Executive directors, on the other hand, must always manage the conflict between their management responsibilities and their fiduciary duties as a director in the best interests of OCHL. Non-executive directors play a particularly important role in providing independent judgment in such circumstances.

Executive directors could take other non-executive directorships, provided these are not detrimental to their immediate responsibilities as an executive director of OCHL and that it is approved by the Staff, Nominations and Remuneration Committee of OCHL. Director remuneration paid by such other directorships taken on accrues to and must be paid directly to OCHL. Deviations from this principle must be approved by the Staff, Nominations and Remunerations Committee. On the other hand, non-executive directors should be judicious in the number of directorships they accept, in order to ensure that they do full justice to their onerous and demanding responsibilities.

- *Executive directors* are involved in the day-to-day management and running of the business and are in the full-time employment of OCHIL.
- *Non-executive directors*, on the other hand, are not involved in the day-to-day management of the business and are not full time employees of OCHI. They bring an external judgment on issues of strategy, performance, resources and standards of conduct to the Board.

Directors should be categorized in the annual report according to the above criteria.

4. Alternate Directors

With regard to alternate directors, the Board will have the power to appoint persons to act as the alternate of any director in a director's place during his/her absence or inability to act as such, as provided for and in accordance with the requirements of OCHL's Articles.

5. Company Secretary

5.1 General

The appointment of a Company Secretary in public companies with a share capital is mandatory under the Companies Act, Cap 486 Laws of Kenya. Furthermore, the Companies Act has various provisions regarding the appointment, removal and duties of the Company Secretary. In addition to extensive statutory duties, the Company Secretary has an important role in the induction of new or inexperienced Directors, and in assisting the Chairperson and CEO in determining the Annual Board Plan and the administration of other issues of a strategic nature at Board level. The Board should be cognizant of the duties imposed upon the Company Secretary and should empower the Company Secretary accordingly to enable him/her to properly fulfill those duties.

5.2 Appointment

The Company Secretary is required to be appointed by the Board as a whole. The Board should be satisfied that the appointee has the requisite attributes, experience and qualification to properly discharge his/her duties.

5.3 Responsibilities

The Company Secretary

- a. Must guide the Board, collectively, and each director, individually, as to their duties and responsibilities and make them aware of all legislation and regulations relevant to the company on which Board the directors serve;

- b. Must ensure that the procedure for the appointment of directors is properly carried out and he/she should assist in the proper induction and orientation of directors, including assessing the specific training needs of directors and executive management in regard to their fiduciary and other responsibilities;
- c. Needs also to be available to provide comprehensive practical support and guidance to directors, with particular emphasis on supporting the non-executive directors and Chairperson;
- d. Should also ensure unhindered access to information by all Board and committee members so that they can contribute to Board meetings and other discussions;
- e. Is responsible for the compilation of Board papers and for filtering them to ensure compliance with the required standards of good governance. The Company Secretary's role should also be to raise matters that may warrant the attention of the Board;
- f. Should raise matters that may warrant the attention of the Board;
- g. Should ensure compliance with all relevant statutory and regulatory requirements, having due regard to the specific business interests and structures of OCHL;
- h. Should help to carry out corporate strategies by ensuring that the Board's decisions and instructions are clearly communicated to the relevant persons;
- i. Needs to communicate with the shareholders as appropriate, and to ensure that due regard is paid to their interests; and
- j. Should provide a central source of guidance and advice to the Board and within OCHL on matters of ethics and good governance.

APPENDIX 1

THE BOARD'S STANDARDS FOR DETERMINING THE DESIRABLE

1. CHARACTERISTIC OF A DIRECTOR

1.1 Personal Characteristics

- *Integrity and Accountability:* High ethical standards, integrity and strength of character in his or her personal and professional dealings and a willingness to act on and be accountable for his or her decisions.
- *Informed Judgment:* Demonstrate intelligence, wisdom and thoughtfulness in decision-making. Demonstrate a willingness to thoroughly discuss issues, ask questions, express reservations and voice dissent.
- *Mature Confidence:* Assertive, responsible and supportive in dealing with others. Respect for others, openness to others' opinions and the willingness to listen.
- *High standards:* History of achievements that reflect high standards for himself or herself and others.
- *Leadership:* Understand and possess skills and have a history of motivating high performing, talented managers.

1.2 Core Competencies

- *Accounting, Finance and Actuarial:* Experience in financial accounting and corporate finance, especially with respect to trends in debt and equity markets. Familiarity with internal financial controls
- *Financial Literacy:* ability to read and understand balance sheets, income and cash flow statements. Understand financial ratios and other indices for evaluating OCUL performance.
- *Business judgment:* Record of making good business decisions and evidence that duties as a Director will be discharged in good faith and in a manner that is in the best interests of OCHI .
- *Management:* Experience in corporate management. Understand management trends in general and in the areas in which OCIL conducts its business.
- *Crisis Response:* Ability and time to perform during periods of both short-term and prolonged crisis.

- *Industry/Technology*: Unique experience and skills in an area in which OCHL conducts its business, including science, manufacture technology relevant to the Company.
- *International Markets*: Experience in global markets, international issues and foreign business practices.
- *Strategy and Vision*: Skills and capacity to provide strategic insight and direction by encouraging innovations, conceptualizing key trends, evaluating strategic decisions, and challenging OCHL to sharpen its vision.

1.3 Commitment to the Company

- *Time and Effort*: Willing to commit the time and energy necessary to satisfy the requirements of Board and Board Committee membership. Expected to attend and participate in all Board meetings and Board Committee meetings in which they are a member. A willingness to rigorously prepare prior to each meeting and actively participate in the meeting. Willingness to make himself or herself available to management upon request to provide advice and counsel.
- *Awareness and Ongoing Education*: Possess, or be willing to develop, a broad knowledge of both critical issues affecting OCHL (including industry, technology and market-specific information), and director's roles and responsibilities (including the general legal principles that guide board members).
- *Other Commitments*: In light of other existing commitments, ability to perform adequately as a Director, including preparation for and attendance at Board meetings and a willingness to do so.

1.4 Team and Company Considerations

- *Balancing and Board*: Contributes talent, skills and experience that the Board needs as a team to supplement existing resources and provide taken for future needs.
- *Diversity*: Contributes to the Board in a way that can enhance perspective and experiences through diversity in gender, ethnic background, geographic origin, and professional experience.

APPENDIX II

1. DRAFT ANNUAL BOARD PLAN

No.	Item Discussed	Board Meetings			
		1 st quarter	2 nd quarter	3 rd quarter	4 th quarter
1	Business strategy			✓	✓
2	Chief Executive report	✓	✓	✓	✓
3	Financial Results (Management Report) <ul style="list-style-type: none"> • Management accounts • Embedded Value Report • Actuarial Valuation • Bonus Declaration 	✓	✓	✓	✓
4	Business plans and budgets				✓
5	Interim/Annual financial statements	✓A		✓I	
6	Annual General Meeting		✓		
7	Dividend declaration	✓			
8	Staff, Nominations and Remuneration Committee feedback	✓	✓	✓	✓
9	Audit Committee feedback	✓	✓	✓	✓

10	Investment Committee feedback	✓	✓	✓	✓
11	. Risk report	✓	✓	✓	✓
12	Approval framework		✓		
13	Succession planning		✓		
14	HIV/AIDS risk review	✓			
15	Risk management policy		✓		
16	Feedback from Associate/subsidiary Boards	✓	✓	✓	✓
17	Board Evaluation				✓
18	Operational Report <ul style="list-style-type: none"> • NatWood • Kalahari Floor Tiles • Structural Growth • Finance and Actuarial • Integration program • Human Resources 	✓	✓	✓	✓

APPENDIX III

TERMS OF REFERENCE FOR THE OLYMPIA CAPITAL HOLDINGS LIMITED

1. (OCHL) BOARD COMMITTEES

The basic purpose of board committees is to allow the board to delegate some of the technical, time consuming, complex or less strategic issues.

The OCHL Board has established the following standing committees:

1. Audit Committee
2. Investment Committee
3. Staff, Nomination And Remuneration Committee

Good corporate governance recommends the establishment of an audit, nominations and remuneration committees and any other committees dependent on the needs in that particular industry. The additional committees may be ad-hoc or standing committees.

The power to delegate to committees of directors is a special power to be exercised by the Board at a properly convened and constituted meeting through a valid resolution of the Board.

The resolution establishing a committee must specify the membership of the Committee, its directors and powers (terms of reference), its quorum and any conditions imposed by the Board on the exercise of those powers.

Only directors may be appointed as members of Board Committees. The proceedings of Committee meetings shall be governed by the articles regulating the proceedings at Board meetings so far as they are capable of applying.

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Following a requirement by the Capital Markets Authority that, in order to enhance better corporate governance, transparency and accountability of quoted companies, Directors of those companies should constitute an Audit Committee for their Company, the Board of Directors of the resolved to constitute an Audit Committee with the following Terms of Reference.

2.1 Constitution

There is hereby constituted a committee of the Board of Directors to be called the Audit Committee.

2.2 Objectives

The objective of the Committee is, *inter alia*, assist the Board in discharging its responsibilities relative to financial reporting and regulatory compliance. This entails:

- a. Acting as the liaison between the external auditor, the board of directors and management.
- b. Strengthening the objectivity and independence of the auditor and act on behalf of the board in carrying its responsibilities to the members and shareholders.

2.3 Membership

- a) The Board shall, by resolution, appoint Members of the Committee all of whom shall be Non-executive Directors. The number of members shall be not less than three.
- b) The Board shall appoint a chairman from among the Non-Executive Members of the Committee.

2.4 Secretarial and Meetings

- a) The board shall appoint the secretary of the committee.
- b) Two members present shall constitute a quorum.
- c) The Committee may have in attendance such members of management including the Chief Executive Officer, the Chief Financial Officer, and such other persons including the External Auditors, as it considers necessary to provide appropriate information and explanations and generally to assist it do its work.

- d) All Directors shall be entitled to attend meetings of the Committee provided that the Committee may if it so chooses and at its sole discretion hold meetings without any of company executives, including the CEO and the Chief Financial Officer, being present. Only Members of the Committee shall have a right to vote.
- e) Reasonable notice of meetings and an agenda of the business to be conducted shall be given to the Members of the Committee, the Chief Executive Officer, the Chief Financial Officer and the External Auditors.
- f) Meetings shall be held not less than three times a year having regard to the company's reporting and audit cycle. Any Member of the Committee, the Chief Executive Officer, the Chief Financial Officer or the External Auditors may request a meeting at any time if they consider it necessary.
- g) Minutes of all meetings and proceedings of the Committee shall be properly kept and preserved.

2.5 Responsibilities

The functions of the Committee shall include but not limited to the following.

- a. Meeting with the independent Auditors and the Chief Financial Officer to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit including any comments or recommendations of the independent auditors;
- b. Review and make recommendations on the internal audit functions of the Company including the independence and authority of its reporting obligations, the proposed audit plans for the coming year, and the co-ordination of such plan with the independent auditors;
- C. Review and make recommendations on the financial statements contained in the annual report to shareholders with management and the independent auditors to determine that the independent auditors are satisfied with the disclosure and content of the financial statements to be presented to the shareholders;

- d. Review and make recommendations on utilization of financial and human resources of the company and ensure efficiency and effectiveness are achieved;
- e. Assist in overseeing the financial reporting process and the Company's internal controls and compliance with those controls;
- f. Review and recommend to the Directors the independent auditors to be selected to audit the financial statements of the Company;
- g. Review and make recommendations on annual management programmes established to monitor compliance with the code of conduct;
- h. Review and make recommendations on the half-year and annual financial statements before submission to the Board, focusing particularly on:
 - i. Any changes in accounting policies and practices
 - ii. Major judgmental areas
 - iii. Significant adjustments resulting from audit
 - iv. The going concern assumption
 - v. Compliance with accounting standards
 - vi. Compliance with stock exchange and legal requirements.
 - vii. Compliance with any other regulatory requirement.

2.6 Authority

- a. The committee is authorized by the board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees will be directed to co operate with any request made by the committee.
- b. The committee is authorized by the board to obtain, at the expense of the Company, independent professional advice and to arrange for the attendance at meetings of outside parties with relevant experience and expertise if it considers this necessary.

2.7 Review of the Committee

- a. The Committee shall undertake an annual self-review of its objectives and responsibilities.

b. Such objectives and responsibilities shall also be reviewed by the Board, the Chief Executive Officer, the Chief Financial Officer and any other person the Board considers appropriate.

2.8 Reporting Procedures

a. The Committee shall maintain direct lines of communication with the External Auditors, the Chief Executive Officer, the Chief Financial Officer, the Internal Auditors and with Management generally including those responsible for non-financial risk management.

b. The Chief Executive Officer and the Chief Financial Officer shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Company, any material breakdown in internal controls, and any material event of fraud or malpractice.

c. After each Committee meeting the Chairman shall report the Committee's findings and recommendations to the Board.

d. The minutes of all Committee meetings shall be circulated to Members, the Chief Executive Officer, the Chief Financial Officer, and the External Auditors and to such other persons as the Board directs.

e. The Chairman shall present an annual report to the Board summarizing the Committee's activities during the year and any related significant results and findings.

2.9 General

a. The Committee shall also have authority to review compliance with internal policies and the code of conduct for Directors and Employees. b. The Committee may examine deal with any other matter referred to it by the Board

2.10 Definitions:

Wherever used in this document, the following words and phrases shall have the meaning ascribed against each word or phrase as appearing below:

“Accounting Principles”

The specific policies, rules, methods, procedures, conventions and bases adopted by reporting entities to be most appropriate to their circumstances in preparing their financial statements. Any material diversion from the principles should be disclosed and reasons therefore explained.

“Accounting Standards”

These describe methods of accounting deemed mandatory by the council of the Institute of Certified Public Accountants of Kenya (ICPAK) for application to all financial statements other than those prepared for exclusively internal use.

Where no Kenyan Accounting Standard applies, the International Accounting Standard will apply.

“Auditors Report”

A report of the independent auditor addressed to the owners of the Company after examination of the organization, its records and its financial statements in which the Auditor expresses his opinion of the truth and fairness and sometimes other aspects of the financial statements.

“Capital Markets Authority”

The regulatory Authority set out under Section 5 of the Capital Markets Act (Cap 485A of the Laws of Kenya).

"Code of Conduct"

A set of rules and regulations that govern how Directors, Management and Staff conduct the business of the Company as detailed in the OCHL Code of Ethics.

"Companies Act"

Refers to the Companies Act (Cap 486 of the Laws of Kenya). This is an Act of Parliament to amend and consolidate the law relating the incorporation, regulation and winding up of companies and other associations, and to make provision for other matters relating thereto and connected therewith.

"Going Concern Assumption"

The company is assumed to be a continuing one for the foreseeable future. It is assumed that it has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operation.

"Independent Auditor"

This is an independent person who is appointed to investigate the organization, its records, and the financial statements prepared from them, and thus form an opinion on the accuracy and correctness of the financial statements.

"Non-executive Director"

A Non-executive Director is a director who is not in the regular employment of the company or who has not entered into a contract of employment with the company.

"Internal Audit"

An appraisal function established by the management of the company for the review of the internal control system as a service to the organization.

It objectively examines, evaluates and reports to the top management on the adequacy of the internal control as a contribution to the proper, economic, efficient and effective use of resources.

“Internal Controls”

A system of controls, financial and otherwise, established by the management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the records.

“Public Companies”

Defined under the Companies Act (Cap 486) as a company that does not prohibit any invitation to the public to subscribe for its shares and debentures.

These terms of reference shall be subjected to review by the Board.

BY ORDER OF THE BOARD

OLYMPIA CAPITAL HOLDINGS LIMITED

(OCHL)

3. TERMS OF REFERENCE OF THE INVESTMENT COMMITTEE

3.1 Constitution

There is hereby constituted a committee of the Board of Directors to be called the Investment Committee.

3.2 Objectives

The objective of the Committee is, *inter alia*, to assist the Board in fulfilling its overall responsibilities with respect to the financial affairs of the company.

3.3 Membership

- a. The Board shall, by resolution, appoint Members of the Committee a majority of whom shall be Non-executive Directors.
- b. The Committee shall consist of not less than three members. The Chief Executive Officer shall be a member of the Committee.
- c. The members of the Committee shall be appointed at least annually, generally at the first meeting of the board following the Annual General Meeting.
- d. The Chairman of the Committee shall be appointed by the Board.

3.4 Secretarial and Meetings

- a. Meeting shall be held not less than three times a year.
- b. Two members present shall constitute a quorum.
- c. The Chief Finance Officer shall normally attend meetings.
- d. The Company Secretary shall be the Secretary of the Committee.

3.5 Responsibilities

The duties of the Committee shall entail:

- a. To receive and consider the company's annual budget and revisions of the same.
- b. To review from time to time and propose amendments if deemed appropriate to the company's procurement and disposal policies and procedures.
- c. To receive and consider the financial analysis of all proposed major capital developments.
- d. To consider and make recommendations to the Board on the remuneration of the Chairman, chairmen of committees, directors, chief executive and heads of department.
- e. To receive and consider the financial implications of any course of action proposed by the company which involves an expenditure of or a write off of revenue or assets to the value of Kshs more in anyone year including adjudicating on tenders thereof.
- f. To review, recommend, do or cause to be done in consultation where necessary with other relevant Board Committees all measures considered necessary to reduce the company's expenditure.
- g. To review options for raising capital.
- h. To review and give guidelines to management on the investment of company funds.
- i. To review the company's trading and marketing activities.
- j. To review and make recommendations to the board regarding the company's dividend policy.
- k. To review the placing of the company's insurance portfolio and options for covering all insurable risks.
- l. To report to the Board, its findings and recommendations in all matters listed above, and to undertake any other functions and projects as requested by the Board.

3.6 Authority

a. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

b. The Committee is authorized by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

C. The Committee shall have the powers to employ the services of such advisors as it deems necessary to fulfill its responsibilities.

These terms of reference shall be subjected to review by the Board.

BY ORDER OF THE BOARD

**OLYMPIA CAPITAL HOLDINGS LIMITED
(OCHL)**

4. TERMS OF REFERENCE FOR THE STAFF, NOMINATIONS AND REMUNERATION COMMITTEE

4.1 Constitution

There is hereby constituted a committee of the Board of Directors to be called the Staff, Nominations and Remuneration Committee.

4.2 Membership

- a. The Board shall, by resolution, appoint Members of the Committee comprising of executive and Non-executive Directors. The number of members shall be not less than three.
- b. The Board shall appoint a chairman from among the Non-Executive Members of the Committee.
- C. At least one of the non-executive directors should have expertise in Human Resources.

4.3 Objectives

The objective of the Committee is, *inter alia*, to assist the Board in recommending the strategic directions and set priorities in human resources, including policy and the implementation of this policy, and to advise the Board on staffing issues including but not limited to:

- a. Recruitment and selection;
- b. Orientation and induction;
- C. Performance management;
- d. Development and training;
- e. Promotions;
- f. Incentives and rewards;
- g. Severance/retirement/termination; and
- h. Company establishment/staffing levels

4.4 Secretarial/Meetings

- a. The Committee shall meet as frequently as required but not less than four times a year.
- b. Any committee member, through the secretary, may call a meeting of the Committee, in consultation with the Chief Executive Officer (for purposes of management input and preparation if required).
- c. A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee (with a copy of all Board Members) in the week prior to the date of the meeting. The notice for members will include relevant supporting papers for the agenda items to be discussed.
- d. The Committee shall have access to professional advice from employees within the Company and from appropriate external advisors.
- e. Minutes of proceedings and resolutions of Committee meetings shall be kept by the Secretary. Minutes should be distributed to all Committee members and the Chairman of the Board, after the Committee Chairman has given the preliminary approval. Minutes, agenda and supporting papers, will be made available to any director upon request to the Secretary, providing no conflict of interest exists

4.5 Responsibilities

The committee will also have the following duties:

- a. To monitor disputes and appeal procedures in the Company.
- b. To recommend to the Board, the recruitment, termination, promotion and other significant issues related to executive directors and general managers.
- c. To monitor and report to the Board on matters relating to senior and middle management appointments.
- d. To receive any reports or recommendations from its sub-committees and from other committees dealing with human resources issues.
- e. To evaluate the effectiveness of human resources activities.

- f. To review and recommend the Company's compensation philosophy and guidelines, for all union is able employees, review and recommend bargaining mandates to the Board, and recommend approval of negotiated collective agreement to the Board.
- g. To review existing management resources and plans to ensure that qualified personnel will be available for succession to executive positions and other key senior management positions in the Company.
- h. To review and recommend to the Board, and under advisement from Legal Counsel, all litigations initiated by or against the Company. The Committee may invite any executive management team members or other individuals to attend meetings of the committee, as they consider appropriate.

4.6 Authority

The Staff, Nomination & Remuneration Committee holds delegated authority to;

- a) Approve the appointment of senior managers as recommended by management;
- b) Approve the appointment of management trainees as recommended by management;
- c) Receive reports from the Chief Operations Officer and Human Resources Manager and on behalf of the Boards, evaluate appeals and evaluate decisions on promotions and confirmations by the relevant committees;
- d) Appoint a conciliator of disputes and, where necessary, a reserve conciliator and receive reports from those officers;
- e) Authorize the use of human resources including payroll systems generally; and
- f) Establish such sub-committees and working groups as it finds necessary to carry out its functions. The membership and terms of reference of any standing sub-committee established must be forwarded to the board for its endorsement

Members of the Committee and officers consisting of the Chairman of the Staff Nominations and Remuneration Committee, the CEO and the Manager Human Resources may act to give effect to urgent matters and must report each such action to the next meeting of the Staff Nominations and Remuneration Committee. In respect of such action:

- a) In the absence of the Chairman of the Staff Nominations and Remuneration Committee, the Vice-Chairman may act for the Chairman.
- b) In the absence of the CEO, the General Manager Human Resources will carry out the role of the CEO.

4.7 Accountability

- a. Voting shall be restricted to Committee members who are also company or Board Directors. A quorum shall be five members, two of whom must be Board Members representing the major shareholders. The Chair shall hold the casting vote. A two-thirds majority will be necessary to carry any vote. At the discretion of the chair, the Manager Human Resources and other employees of the Human Resource Department may be excluded from voting or attending portion of meetings in which they may experience a conflict of interest.
- b. Each member of the Human Resources Committee will have to declare any potential conflict of interest, such a business or family relationships in any agenda item before the commencement of discussions on agenda items. At the Chairman's discretion, members of the Sub-Committee may be excluded from voting in the event that a conflict of interest is perceived.
- c. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing a summarized report at the next Board Meeting. The summarized report shall include the resolutions and recommendations of the Committee for ratification and approval respectively by the Board. It includes in its report to the Board a summary of the most significant matters referred to it by other committees. The report shall be presented to the Board by the Committee Chairman for adoption.

d. The activities deliberations and recommendation of the Committee in the course of the financial year shall be summarized in an annual report.

The normal terms of appointment to the Committee shall be one year at the beginning of the financial year. Appointments may be extended on an annual basis.

These terms of reference shall be subjected to review by the Board.

BY ORDER OF THE BOARD

OLYMPIA CAPITAL HOLDINGS LIMITED

(OCHL)