

Stanbic Holdings Plc

CONFIDENTIAL

Board of Directors Mandate

Mandate
of the Stanbic Holdings Plc Board of Directors



Board of Directors Mandate

**STANBIC HOLDINGS PLC
("the Company")****THE BOARD OF DIRECTORS****MANDATE****1. Purpose**

The Board's purpose is to ensure that the Company is a sustainable organization capable of fulfilling its stated objectives. The Board has overall responsibility for the Company, including approving and overseeing the implementation of the Company's vision, mission, strategic objectives, risk strategy, corporate governance and corporate values, as well as for providing oversight on the performance of the Company and of senior management.

In order to fulfil this purpose, the Board must direct and control the business of the Company. Directors owe a fiduciary duty to the Company and its subsidiaries and are accountable to the shareholders. Directors are also responsible, within the structure of corporate law and governance, to the other stakeholders of the Company.

Directors are required to exercise due care and skill in the performance of their duties and to provide effective leadership based on an ethical foundation, characterised by the values of responsibility, accountability, fairness and transparency. Each Director should exercise his or her powers to the benefit of the Company and its depositors, acting with intellectual honesty and independence of mind, taking into account the interests and expectations of stakeholders. The Directors must ensure they have and maintain the knowledge and skill required to govern the Company effectively; and perform their duties with diligence and courage.

Standard Bank Africa ("SBA"), a division of The Standard Bank of South Africa Limited, is delegated the power and authority to manage the Africa businesses, outside of South Africa, of the Standard Bank Group Limited ("SBG" or "the Group"), who in turn is the ultimate major shareholder of the Africa subsidiaries.

2. Board Size and Composition

- 2.1 The Board of Directors shall comprise of not less than 7, nor more than 12 members.
- 2.2 Not more than 40% of the directors may consist of employees of the Company or the Group.
- 2.3 The majority, being at least three-fifths (60%), of directors shall be non-executive, with the majority of non-executive directors (at least one third of the total members of the Board) being independent.
- 2.4 The Chairman of the Board shall be an independent non-executive director.

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- 2.5 The Board must have the requisite membership comprising skills and experience commensurate with the complexity of the business. The Board or a suitably designated committee should properly evaluate any candidate for appointment to ensure that they are fit and proper for the appointment.
- 2.6 The composition of the Board should consist of a diversity of relevant experience and should exhibit gender and appropriate demographic balance.
- 2.7 The composition of the Board shall be aligned to the strategic requirements of the Company
- 2.8 The Company Secretary shall be appointed by the Board.

3. Board Committees

- 3.1. To increase efficiency and allow deeper focus in specific areas, the Board shall establish the following specialized board committees. The Committees shall report to the Board and the Board shall remain accountable at all times.
 - 3.1.1. A Board Audit Committee, whose objective will be to provide independent oversight of the Bank's financial reporting and internal control system, ensure checks and balances within the institution are in place and to recommend appropriate remedial action regularly, preferably at least once in three months. The Committee shall comprise only non-executive directors and be chaired by an Independent Non-Executive Director.
 - 3.1.2. A Nominations Committee, to be responsible for all aspects of the appointment of the institution's Directors, to be chaired by an Independent Non-Executive Director.
- 3.2. The Board may also establish the following committees to assist with its responsibilities:
 - 3.2.1. A Remuneration Committee, to oversee the efficacy of the Bank's compensation system's design and operation, which shall comprise Independent Non-Executive members;
 - 3.2.2. Such other Committee as the Board may deem necessary to assist in the performance of its function.
- 3.3. The Board shall not delegate any matters to a Board Committee, Chief Executive, Executive Directors or key management personnel to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.

4. Appointments

- 4.1. The Board will, on recommendation of the Board Nominations Committee:
 - 4.1.1. Make the following appointments:
 - (i) Chairmen of all Board Committees;
 - (ii) Members of all Board Committees;
 - (iii) Directors of the Board: and
 - (iv) Trustees of local group entities.
 - 4.1.2. Consider the removal, resignation and retirement of Directors;

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- 4.1.3. Appoint or remove the Chief Executive and other Executive Directors and the Company Secretary, and authorize appointments to local subsidiary company boards in terms of the guidelines determined from time to time;
- 4.1.4. Ensure the proper rotation of directors in terms of the Articles of Association;
- 4.2. The Board will ensure that the Chairmen and members of the Board and Committees have adequate skills and knowledge to perform their functions and are able to commit the necessary time and effort fulfil their responsibilities.
- 4.3. The appointment of all members of the Board of directors will be ratified by the shareholders at the following Annual General Meeting;
- 4.4. The Regulators have the right to object to the appointment of a director or to terminate the service of an existing director if it is believed that they are not fit and proper or not acting in the public interest.
- 4.5. Directors have a responsibility to acquaint themselves with their fiduciary duties and responsibilities, as well as with the issues pertaining to the operations and business environment of the Group so that they are able to fulfil their duties and exercise sound and objective judgement about the affairs of the Company. To assist them, the Board with the assistance of the Company Secretary shall establish an adequate induction programme for new members and ongoing briefings on relevant new laws and changing commercial risks for all members, to enable them have a clear understanding of their role in corporate governance.
- 4.6. The tenure of independent and non-independent non-executive Board members shall not exceed a cumulative nine years. Upon the completion of nine years, an independent Board member may continue to serve on the Board subject to re-designation as a non-independent non-executive director.
- 4.7. The Board has discretion, through the recommendation of the Board Nominations Committee, to extend the term of a Non-Executive Director who has served for nine (9) years or more, taking into consideration a number of factors.

5. Quorum

The quorum for any meeting of the Board of Directors shall be a minimum of 50% +1 of the total number of members of the Board.

6. The Chairman

- 6.1. The Chairman is responsible to the Board for ensuring that the Board is able to effectively fulfil its mandated functions.
- 6.2. The Chairman is required to ensure:
 - (i) The smooth functioning of the Board, the governance structure, and inculcating positive culture in the Board;

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- (ii) That guidelines and procedures are in place to govern the Boards operation and conduct;
- (iii) That all relevant issues are on the agenda for Board meetings and all directors are able to participate fully in the Board's activities;
- (iv) That the Board debates strategic and critical issues;
- (v) That the Board receives the necessary information on a timely basis from Management;
- (vi) That avenues are provided for all Directors to participate openly in the discussions; and that he provides leadership to the Board and is responsible for the development needs of the Board; and
- (vii) That the Chief Executive is able to implement the Company's objectives agreed by the Board.

7. Authority, Powers of Delegation and Terms of Reference

The Board shall:

- 7.1. Deliberate and agree on the Company's objectives;
- 7.2. Deliberate and agree on the strategies and plans for achieving those objectives and periodically review and amend the same as circumstances dictate;
- 7.3. Know and understand the Company's operational structure and the risks that it poses and ensure, as far as possible and in consultation with SBA, that the Company's organisational structure facilitates effective decision making and good governance, including setting and enforcing lines or responsibility and accountability throughout the organisation;
- 7.4. Ensure an effective risk management process exists and is maintained throughout the organisation; and will specifically ensure that the Company has adequate systems to identify, measure, monitor and manage key risks facing the Company and adopt and follow sound policies and objectives which have been fully deliberated;
- 7.5. Establish an effective internal audit department, staffed with qualified personnel to perform internal audit functions, covering the traditional function of financial audit as well as the function of management audit;
- 7.6. Establish, review regularly and approve major changes to the Company's policies, processes and controls in order to determine areas needing improvement as well as to identify and address significant risks and issues; and make recommendations to the Company's Executive where appropriate, on key issues such as:
 - i. risk management;
 - ii. delegation of authority to Management;
 - iii. quality control measures;
 - iv. environmental strategy;
 - v. occupational health and safety;
 - vi. trading conditions;
 - vii. charitable and educational donations; and
 - viii. code of ethics.

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- 7.7. Oversee the Company's compensation system, design and operation, and should monitor and review the compensation system to ensure it operates as intended;
- 7.8. Approve capital funding for the Company and the terms and conditions of rights or other issues and any prospectus in connection therewith, subject to the approval of the major shareholder (SBG/SAHL);
- 7.9. Ensure an adequate budget and planning process exists, that performance is measured against budgets and plans, and approve annual budgets for the Company, in line with the frameworks, policies, principles and procedures of SBG;
- 7.10. Approve significant acquisitions, mergers, take-overs, divestments of operating companies, equity investments and new strategic alliances by the Company or its subsidiaries subject to the prior authority and agreement of SBA;
- 7.11. Consider and approve capital expenditure recommended by the Company's Executive after concurrence of SBA and in alignment with the frameworks, policies, principles and procedures of SBG;
- 7.12. Consider and approve any significant changes proposed in the accounting policy or practice and consider the recommendations of the Board Audit Committee, subject to the concurrence of SBA;
- 7.13. Consider the external audit fee and budgeted audit fee as per the fee agreed by the Board Audit Committee;
- 7.14. Consider and approve the annual financial statements, interim statements, dividend announcements and notices to shareholders, and consider and agree the basis for considering the Company to be a going concern as per the recommendation of the Board Audit Committee;
- 7.15. Assume ultimate responsibility for financial, operational and internal systems of control and ensure adequate reporting on these by the committees to which they are delegated;
- 7.16. Bear ultimate responsibility for regulatory compliance and ensure that cognizance is taken by Management and the Board of all applicable laws and guidelines, and systems to effectively monitor and control compliance are in place. The Board shall therefore ensure that reports to the Board are comprehensive enough to monitor compliance through the establishment of an independent Compliance Function that, among other things, routinely monitors compliance with laws, corporate governance rules, regulations, codes and policies to which the Company is subject and ensures that deviations are reported to an appropriate level of Management and, in case of material deviations, to the Board;
- 7.17. Ensure that a legal and compliance audit is carried out on a periodic basis. An internal audit shall be carried out on an annual basis to establish adherence to applicable laws, regulations and standards. A comprehensive independent legal audit is to be carried out at least once every two years by a legal professional in good standing with the Law Society of Kenya;
- 7.18. Annually review the corporate governance process and assess achievement against objectives. Ensure that a governance audit is carried out at least annually to confirm that the Company is operating

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on sound governance practices. The audit is to be conducted by a competent and recognised profession accredited for that purpose by the Institute of Certified Public Secretaries (ICPSK);

- 7.19. Include in its annual report a statement of compliance with corporate governance principles. The statement shall indicate aspects of the Code of Corporate Governance Practices for Issuers of Securities to the Public (2015) which have not been applied, the reasons thereof, indicative timelines and proposed strategies towards application;
- 7.20. Bear responsibility for Information Technology (IT) Governance by ensuring that there exists an appropriate framework to support the effective and efficient management of IT resources and facilitate the achievement of the Company's strategic objectives;
- 7.21. Ensure a balanced and understandable assessment of the Company's position in reporting to stakeholders;
- 7.22. Ensure that appropriate steps are taken to communicate throughout the Company the Corporate values, professional standards and codes of conduct set by SBG, together with supporting policies and procedures; and shall review such non-financial matters that have not been specifically delegated to a Board Committee. The review will include monitoring the implementation of the vision and values and the following items covered in the SBG's sustainability report:
- i. Code of Ethics;
 - ii. Environmental issues; and
 - iii. Social issues.
- 7.23. Monitor the ethical conduct of the Bank;
- 7.24. Ensure, to the best of its ability, the conduct of executives/staff is in line with Standard Bank Group's standards and Code of Ethics;
- 7.25. Consider the development of ethical standards and requirements and review statements on ethical standards or requirements for the Bank;
- 7.26. Consider and evaluate reports submitted by Management;
- 7.27. Ensure that the Company maintains a positive image within the market and the economy as a whole, by ensuring that the Company provides adequate services and facilities both efficiently and competitively in line with safe business practises;
- 7.28. Dedicate sufficient time, budget and other resources to ensure that Board members have access to programmes of tailored initial training courses (induction) and Continuous Professional Development;
- 7.29. Determine the terms of reference and procedures of all Board Committees and subsidiary companies in consultation with SBA and review their minutes and reports where appropriate;
- 7.30. Provide clear objectives and policies within which senior executive officers are to operate. These are to cover all aspects of operations, including strategic planning, credit administration and control, asset and liability management encompassing the management of liquidity risk, interest rate risk and market

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risk, accounting and internal control systems, service quality, automation plan, prevention of money laundering, profit planning and budgeting, adequacy of capital, and human capital development. Clear lines and limits of authority for all levels of staff should be established and the seriousness of infringing on the authorised limits emphasized to staff at all levels;

- 7.31. Define the duties of the Chief Executive and the executive team and review and monitor their performance against set performance standards which are consistent with the long-term objectives, strategy and financial soundness of the Company;
- 7.32. Delegate to the Chief Executive or any director holding any executive office or any senior executive any of the powers, authorities and discretions vested in the Board, including the power of sub-delegation;
- 7.33. Ensure consideration is given to succession planning for both the Chief Executive and other Executive Directors and Executive Management;
- 7.34. Delegate such powers, authorities and discretions to any committee and subsidiary company boards as may exist or be created from time to time;
- 7.35. Endorse the remuneration of Non-Executive Directors on the Board and Board Committees based on recommendations made by an approved ad hoc subcommittee of the Board, which amount shall subsequently be approved by the Company's shareholders at the following Annual General Meeting. The recommendations are to be tabled at the SBG Remuneration Committee meeting for noting. The Board remuneration policies and procedures shall be disclosed in the annual report;
- 7.36. Dispense with the services of staff considered undesirable;
- 7.37. Have authority to:
 - 7.37.1. access any information they need to fulfil their responsibilities;
 - 7.37.2. seek independent advice at the Company's expense; and
 - 7.37.3. investigate matters within the Board's mandate.
- 7.38. Ensure that the governance of the Company is adequately transparent to its shareholders, depositors, stakeholders and market participants through disclosure, in a clear, accurate, understandable and accessible manner of relevant and useful information that supports the key areas of corporate governance and explains key points concerning its risk tolerance/appetite. Disclosure shall include the Company's policy on procurement, risk management policy, related party transactions, as well as key shareholders and the extent of their shareholding;
- 7.39. Disclose the Company's whistle blowing policy in its annual report and website;
- 7.40. Review the Board Mandate at least annually and approve recommended changes;
- 7.41. Annually review the Company's Code of Ethics and shall approve any recommended changes;
- 7.42. Ensure the Board Mandate and Code of Ethics is made public by being published on the Company's website; and

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7.43. Notwithstanding any of the above, the Board will specifically agree from time to time matters that are reserved for its decision retaining the right to delegate any of these matters to any committee from time to time in accordance with the Articles of Association. Currently the matters that the Board has reserved are set out in **Annexure A** to this Mandate.

8. Board Operation

- 8.1. The Board shall hold a minimum of four (4) scheduled meetings a year, at least once in a quarter, and to this end it shall before the beginning of each financial year, prepare an annual schedule of meetings to be convened, by a minimum of Seven (7) days' notice, through the Company Secretary. Additional meetings may be convened as and when necessary.
- 8.2. Every member of the Board shall attend at least 75% of the Board meetings held in a financial year.
- 8.3. The Chairman, with the assistance of the Company Secretary, shall establish the agenda for each Board meeting and in doing so should ensure that any additional agenda items from the Chief Executive and other directors are incorporated.
- 8.4. Papers for consideration by the Board will be submitted, in the normal course, at least seven (7) days before the meeting to enable Directors to study the documentation and to allow adequate opportunity for formal and informal discussion.
- 8.5. Minutes of all Board meetings shall record the proceedings and decisions taken, the details of which shall remain confidential.
- 8.6. The Board may request the attendance of Management or outside expertise at Board meetings at specific or regular times to provide the Board with required information and or expert insight into matters being deliberated.

9. Conflict of Interest

- 9.1. All Directors are required to declare any interests on any matter that may give rise to a potential or perceived conflict including multiple directorships, business relationships or other circumstances that could interfere with the exercise of objective judgement. All directors must provide a written notification to the Board through the Chairman, prior to joining the board of any other company that could present a conflict of interest.
- 9.2. Board members must at least on an annual basis declare any of their interests, material to the Company or the director, and should include any directorships, other fiduciary positions, investments or shareholdings. Should there be any changes to the declaration; the Board should immediately be notified of this.
- 9.3. A director must declare if her/his spouse/partner or dependent/child has an interest or where the director has a personal interest in a company which is the subject of a matter being considered or proposed to be considered by the Board.

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- 9.4. The minutes should reflect any interests noted and how the matter was dealt.
- 9.5. An up to date register of declarations of interest shall be kept by the Company Secretary
- 9.6. A Director of the Company shall avoid a situation in which the director has, or can have, a direct or indirect interest that conflicts, or may conflict, with the interests of the Company. This applies in particular to the exploitation of any property, information or opportunity, and it does not matter whether the Company could take advantage of the property, information or opportunity.
- 9.7. A Director of the Company shall not accept a benefit from a third party if the benefit is attributable to the fact that the person is a director of the Company; or to any act or omission of the Director. "Third party" in this context means a person other than the Company, an associated body corporate or a person acting on behalf of the Company or an associated body corporate.
- 9.8. A person, who ceases to be a director of the Company, continues to be subject to the duties with respect to any property, information or opportunity of which the person became aware of while a director; and with respect to the duty under paragraph 9.7 above with regard to acceptance of third party benefits connected to any act or omission of the person before ceasing to be a director. To that extent, those duties apply to the former director as they do to a Director.
- 9.9. If a Director of the Company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company, or in a transaction or arrangement that the Company has already entered into, the Director shall declare the nature, and extent of that interest to the other Directors; and to the members of the Company.
- 9.10. A Director may not vote on any matter in which they have an interest. Additionally, they shall be recused from any meeting when such matters are discussed.
- 9.11. Where the Board reasonably determines that your position as a Non-Executive Director has become untenable due to a conflict of interest or for any other reason, the Board may require you to resign your directorship immediately or to take such other action as it considers appropriate in order to remove the conflict or to render your position tenable. Specifically, your appointment is made on the basis that you will not during your service as a Non-Executive Director of the Company, serve on the boards of, or be an employee of, any other institutions or companies providing competing financial services to public. Such positions would render your position as a Non-Executive Director of the Company untenable and you must notify the Board, through the Chairman, before accepting an offer to serve in any such position.

10. Board and Director Evaluation

The Board shall annually perform an evaluation in accordance with recommendations from Standard Bank Africa Governance (Group Governance) and regulatory requirements, of the Board as a whole, its Committees, the contribution of each individual director, the Chairman, the Chief Executive and the

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Company Secretary; and shall report results of evaluations to the Group and to any regulatory authority where required. The Company Secretary shall assist the Board with the Board Evaluation exercise.

The status of independent Board members shall be assessed annually by the entire Board.

11. Company Secretary

The Board is responsible for the selection and appointment of the Company Secretary. In addition, the Board shall recognise the pivotal role to be played by the Company Secretary in the achievement of good corporate governance and empower this individual accordingly. The Company Secretary must provide the Board as a whole and the individual directors, with detailed guidance regarding their responsibilities.

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Annexure A**MATTERS RESERVED FOR BOARD DECISION**

The following matters (but not limited to these), shall be reserved for decision by the Board, on the basis of any recommendation as may be made from time to time by Executive or other Committees:

- Financial Matters

(Subject to the prior concurrence of Standard Bank Group Finance and within the laid down frameworks, policies, principles and procedures of Standard Bank Group Limited as they relate to its subsidiaries)

- (i) approval of the strategy, business plans and annual budgets and of any subsequent material changes in strategic direction;
- (ii) approval of annual financial statements and interim reports, as well as the declaration of dividends;
- (iii) approval of any significant changes in accounting policies or practices;
- (iv) recommendation to shareholders of any increase, reduction or alteration to the share capital of the Company and the allotment, issue or other disposal of shares of the Company (except for shares allotted under the Group share incentive scheme); and
- (v) Significant acquisitions or investments, taking into account the yearly business plan and the robustness of the internal control system.

- Statutory and Administrative Matters

- (i) recommending amendments to the Memorandum and Articles of Association of the Company to the shareholders;
- (ii) appointment, or recommending appointment, reappointment, removal or replacement of the external auditor of the Company as provided under the Companies Act 2015;
- (iii) appointment of responsible persons as may be required in terms of any statute in-country or elsewhere in respect of the Company;
- (iv) approval of the rules and amendments to pension and provident funds having a material effect on the actuarial liabilities of those funds;
- (v) granting of general signing authorities pursuant to the Articles of Association of the Company; and
- (vi) appointment, removal and replacement of the Company Secretary;

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- Regulatory Matters

(Subject to the prior concurrence of Standard Bank Group Executive Committee and within the laid down frameworks, policies, principles and procedures of Standard Bank Group Limited as they relate to its subsidiaries)

- (i) approval of terms and conditions of the Company's rights issues, public offers, capital issues or issues of convertible securities including shares or convertible securities issued for acquisitions;
- (ii) approval and authority to issue circulars to shareholders of the Company;
- (iii) approval of an authority to issue prospectuses, listing particulars, rights offers or takeover or merger documents;
- (iv) Recommending to shareholders that they approve any ordinary or special resolutions in respect of the Company;
- (v) recommending that the shareholders take a particular course of action proposed by the Company;
- (vi) any decision to list the Company's shares on any securities exchange or to terminate any such listing;

- Human Capital Matters

- (i) appointments to and removals from the Board and subsidiary or associate entities in terms of the policy to be agreed from time to time;
- (ii) appointment of, terms of reference and changes in the composition of the Committees as the Board may appoint from time to time;
- (iii) any increase of Directors' fees;
- (iv) approval of any share or other long term incentive schemes which impact equity and are related to executives or a significant number of employees, the rules applicable to any such scheme and any amendment to such rules as agreed by the Standard Bank Group Limited's Remuneration Committee, for submission to shareholders, if applicable.

NOTE:

Notwithstanding anything to the contrary, in all instances the frameworks, policies, principles and procedures as they relate to the Standard Bank Group Limited and its subsidiaries must be adhered to.

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Approved by the full Board on 21st May 2015

Last Revised and approved by the full Board on August 11th, 2016

Reviewed and approved by the full Board on 4th May 2017

Reviewed and approved by the full Board on 28th February 2019

Reviewed and approved by the full Board on 27th February 2020

Reviewed and approved by the full Board on 4th March 2021

Signed by:

Chairman of the Board.



22/07/2021 16:06

Company Secretary



Lillian Mbindyo (Jul 15, 2021 10:28 GMT+3)






SHL Board Mandate - 2021 clean

Final Audit Report

2021-07-15

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