



BOARD CHARTER

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PART I: DEFINITIONS

Terms used in this Board Charter (“Charter”) are as defined in the Banking Act. Other terms used in this Board Charter shall be taken to have the meaning assigned to them hereunder:

- 1.1 “**Articles of Association**” means the Articles of Association of the Bank.
- 1.2 “**Bank**” means Diamond Trust Bank Kenya Limited.
- 1.3 “**Banking Act**” means the Banking Act, Cap 488, Laws of Kenya.
- 1.4 “**Board of Directors**” means the board of directors of the Bank and “**Board**” shall have a corresponding meaning.
- 1.5 “**CBK**” means the Central Bank of Kenya.
- 1.6 “**Charter**” means the charter of corporate governance as contained herein or as adopted from time to time by the board of the Bank.
- 1.7 “**Chief Executive Officer**” means the chief executive officer of the Bank.
- 1.8 “**CMA**” means the Capital Markets Authority, Kenya.
- 1.9 “**Corporate Governance Policy**” means the corporate governance policy of the Bank.
- 1.10 “**Directors**” means the members of the Board of Directors and each one a “**Director**”.
- 1.11 “**Employee(s)**” means an employee(s) of the Bank and which expression shall include, where the context so admits, the Senior Officers.
- 1.12 “**Group**” means the Bank and its Subsidiaries, from time to time.
- 1.13 “**Independent Director**” means a Director who:
 - (a) has not been employed by the Bank in an executive capacity within the last five (5) years;
 - (b) is not associated with an adviser or consultant to the Bank or a member of the Bank’s senior management or a significant customer or supplier of the Bank or with a not- for-profit entity that receives more than fifty percent (50%) of its contributions from the Bank; or within the last five (5) years, has not had any business relationship with the Bank (other than service as a director) for which the Bank has been required to make disclosure;
 - (c) has no personal service contract with the Bank, or a member of the Bank’s senior management;
 - (d) is not employed by a public listed company at which an executive officer of the Bank serves as a director;
 - (e) is not a member of the immediate family of any person described above, or has not had any of the relationships described hereinbefore with any affiliate of the Bank;
 - (f) is not a representative of a Shareholder who has the ability to control or significantly influence management;
 - (g) is free from any material or pecuniary relationship with the Bank or its subsidiaries;
 - (h) does not have a direct or indirect interest in the Bank(including any parent or subsidiary in a consolidated group with the Bank) which is either material to the director or to the Bank.
 - (i) does not own shares in the Bank;

- (j) is compensated through sitting fees or allowances;
 - (k) does not hold cross-directorships or significant links with other directors through involvement in other companies or bodies; and
 - (l) has not served for more than nine years since they were first elected if appointed before 15 December 2023 or has not served for more than six years since they were first elected if appointed after 15 December 2023.
- 1.14 **“Memorandum of Association”** means the Memorandum of Association of the Bank.
- 1.15 **“Non-Executive Director”** means an individual not involved in the day-to-day management and not a full-time salaried employee of the Bank or its subsidiaries and is not an executive director of the Bank’s subsidiaries. An individual in the full-time employment of the Bank’s holding company, if any, or its subsidiaries, other than the Bank, would also be considered to be a non-executive director of the Bank, unless such individual, by his / her conduct or executive authority, could be construed to be directing the day-to-day management of the Bank and its subsidiaries.
- 1.16 Further, it means a Director who:
- i) has not been employed by the Bank in an executive capacity within the last five (5) years.
 - ii) is not associated to an adviser or consultant to the Bank or a member of the Bank’s management or a significant customer or supplier of the Bank or with a not-for-profit entity that receives significant contributions from the Bank; or within the last five (5) years, has not had any business relationship with the Bank (other than service as a director) for which the Bank has been required to make disclosure;
 - iii) has no personal service contract(s) with the Bank, or any of the Senior Officers;
 - iv) has not had any of the relationships described above with any affiliate of the Bank.
- 1.17 **“Prudential Guidelines”** means the prudential guidelines promulgated from time to time by the CBK.
- 1.18 **“Shareholders”** means any shareholder of the Bank.
- 1.19 **“Senior Officer”** means a person who manages or controls the Bank, and includes:
- i) the Group Chief Executive Officer, Chief Executive Officer, executive directors, secretary to the board of directors and senior management of the Bank comprising the managers and/ or heads of the units or departments, as the case may be, of the Bank;
 - ii) a person with a similar level of position or responsibilities as a person described in paragraph (i) above.
- 1.20 In the event of any dispute between the terms of this Charter and any legislation and or regulations governing the affairs of the Bank then the provisions of such legislation and or regulations shall prevail, and the provisions of this Charter shall be deemed to have been amended accordingly.
- 1.21 **“Subsidiaries”** means the subsidiaries of the Parent Company and each a **“Subsidiary”**.

PART II: BOARD CHARTER

1. Applicability

This Board Charter is applicable to the Board of Directors. The Board of Directors should ensure that all Directors adhere to the prescribed Board Charter as detailed hereunder.

2. Purpose

This Board Charter provides a summary of the role of the Board of Directors in the business structure and operations of the Bank and the Group.

3. Statement of Good Governance

- 3.1 The Board shall exercise ethical leadership, enterprise, fairness, integrity, transparency and sagacious judgment in directing the Group and will always act in the best interest of the Group so as to achieve continuing prosperity.
- 3.2 The Board is responsible for considering the legitimate interests and expectations of its stakeholders in its deliberations, decisions and actions.
- 3.3 The Board is responsible for ensuring that Senior Officers actively cultivate a culture of ethical conduct and for ensuring that integrity permeates all aspects of the Group's operations.
- 3.4 The Board shall align its conduct and the conduct of Senior Officers with the values that drive the Group's business and ensure that these values are adhered to in all aspects of the Group's business.
- 3.5 Each Director owes strict fiduciary duties to the Group and its shareholders, must always act in the best interest of the Group and promote the image of the Group.

4. Authority

The Board of Directors is constituted and empowered as stipulated by legislation and by the Memorandum of Association and the Articles of Association and by the resolutions of the Shareholders.

5. Duties and Responsibilities

The Board is responsible for the governance of the Bank and is committed to ensuring that its business and operations are conducted with integrity and in compliance with the law, internationally accepted principles and best practices of corporate governance and business ethics. The duties and responsibilities of the Board are as stipulated by the legislation and regulation governing the Bank, the Articles of Association and resolutions of the Shareholders. The major duties and responsibilities of the Directors shall include but not be limited to the following:

5.1 Regulating the manner in which the business of the Bank is conducted

The Board must ensure that the Bank has adequate systems to identify, measure, monitor and manage key risks facing the Bank and adopt and follow sound policies and objectives. The Directors must provide clear objectives and policies within which the Chief Executive Officer and Senior Officers are to operate. These should 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 risk, accounting system and control, service quality, automation plan, prevention of money laundering, profit planning and budgeting, adequacy of capital, and human resource development. Clear lines and limits of authority for all levels of staff should be established. The seriousness of

infringing on the authorised limits should be emphasized to staff at all levels.

5.2 Corporate planning

The Board must formulate the future direction of the Bank of which planning, organising, and controlling, are three fundamental functions. Sound planning is of vital importance, and as such projections/targets must be periodically reviewed and amended as circumstances dictate.

5.3 Establish and ensure the effective functioning of the Board and management.

5.4 Set-up 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.

5.5 Set up a compliance function and approve the Bank's compliance policy. It shall be the duty of the Board to ensure that the Central Bank of Kenya ("CBK") is informed, should the Head of Compliance leave that position and the reasons thereof. At least once a year, the Board of Directors or a sub-committee of the Board shall review the Bank's compliance policy and its on-going implementation to assess the extent to which the Bank is managing its compliance risk effectively.

5.6 To promulgate policies and actions with a long-term view to support environmental and social sustainability.

5.7 Maintain adequate capital base

The Board has the responsibility of ensuring that the Bank maintains adequate level of capital at all times with respect to the requirements of the Banking Act and the business operations. It is therefore the duty of Directors to inform the shareholders of capital adequacy and advice on the appropriate manner of recapitalising the Bank's operations.

5.8 Observe Laws and guidelines

Directors should ensure cognizance is taken by management and themselves of all applicable laws and guidelines, and systems to effectively monitor and control their compliance. This will likely include provisions for training of personnel in these matters and, when violations do occur, make corrections immediately. It is a duty inherent with the office of Directors to know the laws and guidelines, and to ensure that compliance of all laws and guidelines receives the highest priority, and violations are not knowingly committed by them or by anyone in their employment. In particular, every Director should be conversant with the provisions of the Banking Act, Central Bank of Kenya Act and any guideline issued there under or other relevant laws and guidelines. The Directors should also review the Bank's CBK's inspection reports and audit reports and also ensure implementation of any recommendations made.

5.9 Oversee the appointment and the duties of the Senior Officers

The Board shall oversee the appointment of Senior Officers, as per the Bank's applicable human resource policies and procedures, who are competent, qualified and experienced to administer the Bank's day-to-day affairs effectively and soundly.

5.10 Being informed about business conditions of the Bank

Since the Directors are jointly and severally responsible for the effective supervision of the affairs of the Bank, they should be informed on regular basis of the business condition of the Bank. For the purpose of deliberating on this information and providing guidance to the

management, the Board should meet regularly, preferably at least once in a quarter.

In addition, the Board and each director should exercise independent judgment in evaluating the performance of the management. This could be enhanced by the provision of independent reviews of the operations by third parties such as external auditors, internal auditors, audit committees or regulator and other experts reporting directly to the Board.

5.11 Attend Board meetings regularly

Every Director has a duty to attend board meetings regularly and to effectively participate in the conduct of the business of the Board of Directors. Every member of the Board shall attend at least seventy-five per cent (75%) of the Board meetings. This is to ensure that every board member will discharge his or her duties and responsibilities effectively. Attendances shall be disclosed in the annual report. At its Annual General Meeting, the Board is required to review the suitability of a non- executive director who has failed to comply with the seventy-five per cent (75%) attendance rule, without valid reason.

5.12 Maintain Positive Image

It is the duty of the Directors to ensure that the Bank maintains a positive image within the industry and the business environment as a whole. To this extent, therefore, the Bank is expected to provide adequate services and facilities both efficiently and competitively in line with safe and sound banking practices.

6. **Board and Committee Meetings**

Board meetings shall be held at least four times each year with special meetings convened as necessary. Meetings may be held in person, virtually or in a hybrid format where physical attendance would otherwise be impracticable, or where the nature of the agenda is suitable for virtual participation.

If a Board Member opts to participate remotely in the case of a hybrid meeting, they should give notice to the Company Secretary prior to the scheduled meeting as may be prescribed from time to time in any application legislation or regulations governing the affairs of the Bank.

7. **Role of the Parent Company**

With regard to the Group, without prejudice to the provisions of section 5 above, the duties and responsibilities of the Board shall include but not be limited to the following:

- 7.1 Monitor adherence by the Bank and the subsidiaries with the Prudential Guidelines requirements such as capital adequacy, liquidity, single borrower limits and restrictions on facilities to insiders on both a consolidated and a solo basis.
- 7.2 Ensure that the Bank is providing the requisite reports to the CBK as prescribed by the Prudential Guidelines.
- 7.3 Formulate the future direction of the Bank and the Subsidiaries. Sound planning is of vital importance, and as such projections/targets must be periodically reviewed and amended as circumstances dictate.
- 7.4 Oversee the implementation of the Group's strategic objectives, risk strategy, technology strategy, credit strategy, corporate governance and corporate values in order to achieve its mission and vision.
- 7.5 Establishing and approving a governance structure that contributes to the effective oversight of the Subsidiaries considering the nature, scale and complexity of different risks to which the Bank and its Subsidiary Companies are exposed to.

- 7.6 Provide leadership to deliver the long-term sustainable development and growth for the Group.
- 7.7 Be informed about business condition of the Bank and the Subsidiaries.
- 7.8 Exercise adequate oversight over each of the Subsidiaries while respecting the independent legal and governance responsibilities of the Subsidiaries boards.
- 7.9 Ensure that sufficient resources are available at the Bank level to meet both the Group and local governance standards.
- 7.10 Review and approve policies specifically relating to and or governing the affairs of the Group.

8. Role of Board Committees

- 8.1 Board committees shall assist the Board and its Directors in discharging their duties and responsibilities; however, the Board of Directors remain accountable. The terms of reference of the Board committees shall be approved from time to time by the Board.
- 8.2 Board Committees shall have formally determined terms of reference with clearly agreed reporting procedures and written scope of authority.
- 8.3 There should be transparency and full disclosure from the Board Committee to the Board of Directors.
- 8.4 All Board Committees shall be chaired by a Non-Executive Director.
- 8.5 Board Committees should be free to take independent professional advice as and when necessary, and to invite the Senior Officers and professionals to provide technical advice when needed.

9. Appointment of the Chairperson of the Board of Directors

The Chairperson of the Board of Directors shall always be a Non-Executive Director. Furthermore, the chairperson of a public listed company shall not hold such position in more than two public listed companies at any one time, in order to allow the chairperson to devote sufficient time to steering the Board.

10. Appointment of the Vice- Chairperson of the Board of Directors

The Board shall also elect a Vice Chairperson, who will deputise and support the Chairperson in respect of the responsibilities and authorities conferred upon him/her. In the absence of the Chairperson for any reason, the Vice Chairperson shall act as a Chairperson, pending where necessary, the election of a substantive Chairperson.

11. Appointment of Directors, Group Chief Executive Officer, Chief Executive Officer and Senior Officers

The Bank shall ensure that no person is appointed or elected as a Director, Group Chief Executive Officer, Chief Executive Officer or Senior Officer unless the CBK has certified the person as a fit and proper person to manage or control the Bank.

12. Role of the Board Chairperson

The Chairperson is responsible for:

- 12.1 providing leadership to the Board, promoting high standards of corporate governance, and ensuring the effective and efficient functioning of the Board;
- 12.2 fostering a constructive Board culture, facilitating informed decision-making, and ensuring the Board discharges its responsibilities in accordance with this Charter.
- 12.3 directing Board meetings while maintaining an appropriate separation of responsibilities from executive management;
- 12.4 encouraging constructive participation, open debate and effective communication among

- Directors, including between Executive and Non-Executive Directors;
- 12.5 ensuring adequate time and opportunity for Directors to consider matters requiring Board approval, including complex or contentious issues;
 - 12.6 promoting effective engagement with shareholders and other key stakeholders; and
 - 12.7 perform such other duties as may be assigned by the Board from time to time.

13. Role of the Group Chief Executive Officer

The Board has set up a Group Chief Executive Office to lead and direct the implementation of business strategies, performance delivery and safe and compliant execution of the Group's banking and other business so as to deliver sustainable long- term value for shareholders, including the establishment, execution and delivery of agreed strategic objectives approved by the Board. Communication between the Directors and the management of the other entities in the Group will be through the Group Executive Office.

The Group Chief Executive Officer shall *inter alia* :

- 13.1 Sit on the boards of the Subsidiaries bar any regulatory restriction(s) and or time limits and co-ordinates the Bank and Group's compliance with the provisions of Clause 6 of this Charter.
- 13.2 Co-ordinate the strategic and operational direction of the Group in conjunction with the CEOs of the banks comprising Group.
- 13.3 Ensure in conjunction with the country CEOs of the DTB Group banks that the Group achieves and maintains a satisfactory competitive position and robust reputation locally, regionally and internationally
- 13.4 Carry out such activities as shall from time to time be mandated to the Group Chief Officer by the Board.
- 13.5 Constitute such management committees as may be necessary for the Group Chief Executive Officer to perform their duties as mandated from time to time by the Board.

14. Role of the Chief Executive Officer and Managing Director

The Chief Executive Officer and Managing Director shall *inter alia*:

- 14.1 Develop and recommend to the Board annual business plans and budgets that support the Bank's long-term strategy.
- 14.2 Consistently strive to achieve the Bank's financial and operating goals and objectives.
- 14.3 Ensure continuous improvement in the quality and value of the products and services provided by the Bank.
- 14.4 Ensure that the day-to-day business affairs of the Bank are appropriately managed.
- 14.5 Ensure that the Bank has an effective management team below the level of the Chief Executive Officer and Managing Director and has an active plan for its development and succession.
- 14.6 Carry out such activities as shall from time to time be mandated by the Board or the Group Chief Executive Officer.
- 14.7 Constitute such management committees as may be necessary for the Chief Executive Officer and Managing Director to perform their duties as mandated from time to time by the Board and or Group Chief Executive Officer.

15. Role of the Company Secretary

The Company Secretary shall:

- 15.1 Serve as the principal governance adviser to the Board and provide guidance to the Board and individual Directors on their duties, responsibilities, applicable laws, regulations, listing

- requirements, governance standards, and best practices.
- 15.2 Support the Chairperson and Managing Director in the effective functioning of the Board by coordinating Board and shareholder meetings, preparing annual Board work plans, agendas, notices, and meeting schedules, and facilitating Board evaluations, governance audits, succession planning, induction, and continuous professional development programmes.
 - 15.3 Ensure the effective administration of Board and Committee affairs.
 - 15.4 Promote effective communication and information flow between the Board, Board Committees, Management, shareholders, and other stakeholders.
 - 15.5 Facilitate compliance with applicable corporate governance, legal, regulatory, and listing requirements, including the maintenance of statutory registers, records, and disclosures, and filing all required statutory returns.
 - 15.6 Maintain custody of the Company's seal and corporate records, account for the use of the seal, and ensure the safekeeping and integrity of corporate documents and statutory books.
 - 15.7 Coordinate the management of Directors' conflicts of interest, including maintaining a register of declared conflicts and supporting the Board in addressing governance and ethical matters.
 - 15.8 Act as the primary liaison between the Board and Management and facilitate the implementation of Board decisions and governance requirements.

16. Relationship between Board and Management

The Board shall provide strategic direction, establish clear lines of authority and accountability, and maintain effective channels of communication with Management. Management shall conduct the day-to-day operations of the Bank in accordance with the strategy, risk appetite, policies, and decisions approved by the Board. The Board shall ensure that appropriate Management Committees are established to support the effective discharge of Management's responsibilities.

Management shall be accountable for:

- 16.1 Implementing the approved strategy, business plans, and Board decisions.
- 16.2 Ensuring compliance with Board-approved policies, standards, and procedures.
- 16.3 Maintaining effective operational, communication, risk management, and internal control systems.
- 16.4 Developing and implementing plans to achieve the Bank's objectives and performance targets.
- 16.5 Managing all human resource matters, including recruitment, retention, development, and training.
- 16.6 Promoting adherence to the Bank's Code of Ethics and Conduct and ensuring compliance with applicable laws, regulations, and standards.
- 16.7 Maintaining accurate records and ensuring the integrity of financial and operational reporting.
- 16.8 Preparing and managing budgets, business plans, and management accounts.
- 16.9 Fostering a culture of integrity and ethical conduct throughout the Bank.

17. Board Composition

The number of Directors on the Board shall be in accordance with that stipulated in the applicable laws and in the Articles of Association. Without prejudice to the foregoing, the Bank shall have a minimum of five (5) directors and a maximum of twelve (12) directors. Three - fifths (3/5) of the composition of the Board shall comprise of Non-Executive Directors whereas at least one third (1/3) of the Board shall comprise of Independent Directors. In addition, the Board shall ensure that the functions of the Chairperson and the CEO are not exercised by the same individual.

18. Retirement by rotation

One- third of the Non- Executive Directors of the Board will be retiring at every annual

general meeting of the Bank, whereby the Directors who have been in office for the longest period will be retired. If the number of Non- Executive Directors to be retired as such is not a multiple of three, the closest number to one-third will be applied. However, any retired Non-Executive Directors can be re-elected. That notwithstanding, where possible, no more than one third of the Board members shall retire at the same time.

19. Tenure of Non- Executive Directors

For the purpose of good corporate governance, the tenure of an independent Non- Executive Director shall not exceed nine years (9) from the date of their appointment for directors appointed before 15 December 2023 or six (6) years from the date of their appointment for directors appointed after 15 December 2023. Thereafter such member may continue in office but be re-designated as a non- independent member provided that the Board shall at all times be comprised as set out in section 17 above.

A Non- Executive Director shall retire at the immediate next annual general meeting of the Bank after which the member attains the age of seventy (70) years provided that the Shareholders may at such annual general meeting vote to retain the member in office in the event such Director will have offered themselves to re-election.

20. Appointment and Succession Planning

The invitation to join the Board shall be extended to new Directors by the Board through the Chairman. A formal letter, setting out the terms of appointment as either an executive, non-executive, or independent nonexecutive Director, will be issued. Directors shall accept such appointment in writing.

The term of office of the Board members shall be organised in a manner that ensures that there is a smooth transition. In this regard, the term of office of the members of the Board shall be organised in such a way that they end at different times. This ensures retention of institutional memory and makes it easier to induct new Board members.

21. Multiple Directorships

No person shall be permitted to hold the position of a director in more than one (1) institution licensed under the Banking Act unless the said institution is a subsidiary or a holding company.

Furthermore, a director of a listed company except a corporate director shall not hold such position in more than three (3) public listed companies at any one time. Prior to accepting an additional appointment to the board of any other entity, a Director should consider whether the new directorship would present a conflict of interest. The Director is expected to inform the Chairman of the Board prior to accepting the position on another entity.

In a case where a director has appointed an alternate director, the appointment of such alternate director shall be restricted to two (2) public listed companies at any one time. A director can only have one (1) alternate director and a body corporate shall not be nominated as an alternate director. An executive director of a listed company shall be restricted to one other directorship of another listed company.

22. The Board and Director Evaluation

The Board of Directors through its Board Nomination and Human Resource Committee shall regularly review its required mix of skills and experience and other qualities in order to assess the effectiveness of the Board of Directors. Such review shall be by means of

peer and self- evaluation of the Board of Directors as a whole, its committees and the continuation of each and every Director, including the Chairperson.

The evaluation shall be conducted annually and the fact that it has been done should be disclosed in the annual report. The Chairperson of the Board of Directors shall report to the CBK annually on the Board and directors' evaluations and effectiveness. The report shall be submitted to the CBK on or before 31 March of each calendar year.

23. Functions

In carrying out its role, the Board of Directors and Board Committees will operate in accordance with this Board Charter, the Corporate Governance Policy, the Code of Ethics and Conduct, the Board Appointment and Diversity Policy, the Letter of Appointment of the Directors, the Memorandum and Articles of Association, the Banking Act and other applicable legislation and regulations from time to time governing the affairs of the Bank.

24. Assessment of Board Performance

The assessment on the performance of the Board will be conducted every year.

25. New Director Orientation and Continuous Development

Orientation will be arranged for every newly appointed Director, who will be provided with the appropriate information relating to the Bank, and will also be advised on the duties for being a Director of the Bank. Additionally, the Board shall ensure competence up-skilling and continuous development programs are organized for its members in order to enhance governance practices within the Board itself and in the interest of the Bank.

PART III: COMPLIMENTARY RELATIONSHIPS

26. This Board Charter shall be read together with and shall complement the Corporate Governance Policy, the Prudential Guidelines, the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the requirements regarding the Directors contained in the Articles of Association, applicable laws and regulations governing the Bank and is not intended to change or interpret any laws or regulations.
27. In the event that this Charter contradicts the Memorandum of Association, Articles of Association or any laws, codes, regulations or Prudential Guidelines applicable to the Parent Company or any of the Subsidiaries, the said laws, codes, regulations or Prudential Guidelines shall take precedence, PROVIDED THAT where possible, the Board shall be called upon to ensure that the higher standard prevails.
28. Whereas the Board Charter will serve as the guiding document for the Subsidiaries, the Board recognizes the potential need for slightly differentiated governance structures and practices within related companies on account of their unique business needs and regulatory requirements. As such, the Subsidiaries Boards shall develop their own board charters (aligned to this Charter), taking into account the laws and regulatory guidelines issued by the respective country or sector regulators.

PART IV: CHARTER REVIEW

29. The Board will review this Charter every two (2) years and more frequently, if required, to align the same with the then prevailing legislation and regulations governing the Bank as well as best practice, as part of the Board and the Bank's commitment to good corporate governance.