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KENYA RE

BOARD CHARTER

Name:	Signature:	Date:
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1. AMENDMENT SHEET

DATE	ISSUE NO.	OLD REV. NO.	NEW REV. NO.	SECTION(S) / PAGE	DESCRIPTION / SUMMARY OF REVISION	NAME OF PERSON WHO IDENTIFIED THE CHANGE	SIGN	SIGN/ APPROVED BY MR /AMR

2. GENERAL

2.1 PURPOSE

The purpose of this charter is to set out the role, responsibilities, structure, functions and processes of the Board of Kenya Reinsurance Corporation Limited (hereinafter referred to as the "Corporation").

2.2 SCOPE

The charter is applicable to the Board.

2.3 STATEMENT ON GOOD GOVERNANCE

The Corporation has adopted high standards and applies strict rules of conduct based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles:-

i) To observe high standards of ethical and moral behaviour;

ii) To act in the best interests of the organisation;

iii) To remunerate and promote fairly and responsibly;

iv) To recognise the legitimate interests of all stakeholders; and

v) To ensure that the organisation acts as a good corporate citizen.

In general, Board members shall act in the best interest of the organisation and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organisation over all other interests. They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

3. THE BOARD OF DIRECTORS

The management and control over the activities, affairs, operations, business, and property of the Corporation shall be vested in the Board of Directors (hereinafter referred to as the "Board"). The Board may exercise its management and control by and through such committees as may be deemed necessary or expedient.

3.1 PRIMARY DUTY OF BOARD OF DIRECTORS

In accordance with the principles of good corporate governance, the Directors undertake:-

a) To act first, foremost and always in the best interest of the Corporation and not for any other collateral purpose.

b) To exercise their duties in good faith.

c) To act with the care a prudent person would take when acting on his or her own behalf.

d) To take into account the financial and business impact of their decisions, their consequences for sustainable development and their effect on relations with stakeholders and the general interest of the communities in which the Corporation operates;

e) To respect the values, principles and requirements of the Constitution.

3.2 SIZE OF THE BOARD

The Board shall have a minimum of seven (7) members and a maximum of eleven (11) members.

3.3 BOARD COMPOSITION

The Board should ensure that:-

a) Its composition complies with requirements in the Constitution of Kenya and any applicable legislation;

b) Its members have the requisite mix of skills and competencies needed to execute the mandate of the mandate.

c) Each member understands the broad outline of the organisation's policies; and

d) At least one member has expertise in financial management and accounting.

The Board will prepare its profile including size, composition and members' expertise for stakeholder information.

3.4 APPOINTMENT OF BOARD MEMBERS

i. The Directors of the Corporation are appointed on the basis of their professional competences, personal qualities and the contribution they can make to the governance of the Corporation.

ii. The appointments shall be made in accordance with the provisions of the Corporation's Memorandum and Articles of Association.

iii. The appointment of directors shall reflect the ethnic and cultural diversity of the people of Kenya and take into consideration gender, disability and such other factors as the Board may determine from time to time.

iv. The Corporation Secretary will ensure that a record of the election, publication and written acceptance by the Board member are kept.

3.5 INDEPENDENCE OF BOARD MEMBERS

All Board members, including those nominated by stakeholders, should recognise that they owe their duties to the organisation and not their nominating stakeholders.

3.6 TERM LIMITS

Directors shall serve a maximum of 3 terms of 3 three years each or such terms that do not exceed in aggregate 9 years.

The Corporation shall ensure staggering of Board appointments so that the respective expiry dates of the members' terms fall at different times to ensure continuity.

3.7 RESIGNATION FROM THE BOARD

A member may resign from the Board at any time by giving notice, in writing, to the Board. The notice will be sent to the Chairman of the Board and copied to the CEO of the Corporation.

3.8 RESPONSIBILITIES AND FUNCTIONS OF THE BOARD OF DIRECTORS

The Board shall set the strategic direction of the Corporation, determine major policy, review existing policy, define the mission, role and scope of the Corporation and each of its major units and provide ultimate accountability to the Corporation's stakeholders.

Within these fundamental responsibilities, the Board will perform many essential functions including but not limited to the following: -

a) Ensuring the highest standards of corporate governance is observed.

b) Exercise leadership, enterprise, integrity and judgment in giving strategic direction to the Corporation.

c) Exercise objective judgment on the business of the Corporation, independent from management but with sufficient management information.

d) Ensuring the establishment of such structures and the development of such policies and standards as would be necessary to achieve the objectives of the Corporation.

e) Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans with the objective of improving the overall performance of the Corporation.

f) Identifying key risk areas and key performance indicators of the Corporation in order for the Corporation to generate economic profit and monitoring these factors.

g) Defining the parameters of Board and the role of individual Board members.

h) Ensuring that the Corporation complies with all the relevant laws/regulations and codes of best business practice.

i) Exercising effective control over the Corporation and accounting to its Shareholders.

j) Establish objectives, policies and practices, which provide for effective and prudent management, control, and preservation of the investment assets of the Corporation.

k) Establish auditing policies and standards and appoint independent auditors.

l) Ensure that the Corporation has developed a succession plan for its executive directors and senior management.

m) Regularly review processes and procedures to ensure the effectiveness of the Corporation's internal systems of control.

n) Regularly assess its performance and effectiveness as a whole, and that of individual directors, including the Managing Director.

3.9 ROLE AND RESPONSIBILITIES OF THE CHAIRMAN

The Chairman of the Board of Directors is first and foremost a Director. As Chairman he/she has the following responsibilities:-

a) Provide overall leadership and guidance to the Board.

b) Chair and conduct Board and Annual General Meetings.

c) Responsible for ensuring the integrity and effectiveness of the governance process of the Board.

d) Ensure that the content and order of the agenda are appropriate and that, through the office of the Corporation Secretary, the members of the Board have the relevant papers in good time.

e) Ensure that Board members are properly briefed on issues arising at Board meetings and that all available information on an issue is before the Board.

f) Harness the collective skills of the Board and encourage Directors to participate fully in Board meetings and deliberations.

g) Guide the decision making process of the Board and where necessary use his/her casting vote.

3.10 ROLES OF INDIVIDUAL BOARD MEMBERS

Each Board member shall:-

(a) Exercise the highest degree of care, skill and diligence in discharging their duties;

(b) Act in the best interest of the Corporation and not for any other purpose;

(c) Act honestly at all times and must not place themselves in a situation where their personal interests conflict with those of the Corporation;

(d) Exercise independent judgement;

(e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills;

(f) Promote and protect the image of the Corporation;

(g) Owe the Corporation the duty to hold in confidence all information available to them by virtue of their position as a Board member.

3.11 CHIEF EXECUTIVE OFFICER/ MANAGING DIRECTOR

The CEO is an *ex-officio* Board member with no voting rights. The CEO and the Board play separate and distinct roles but work together to achieve organisational goals.

The Board is responsible for appointing the CEO, through a competitive process, and for removing them. The Board should also together with the CEO select the management team and put in place a succession plan for both the CEO and the team.

The CEO is responsible for overseeing the execution of the Board's directions and policies to ensure desirable outcomes. The CEO therefore serves as the link between the Board and the Management.

The Board should provide the CEO with:-

a) Defined performance goals and authority levels;

b) An attractive remuneration package;

c) Regular informal feedback on job performance;

d) Reward for exceptional performance; and

e) Prompt response to request for guidance or assistance.

The CEO should:-

a) Demonstrate commitment to the Corporation's vision, mission, core values and mandate;

b) Achieve set performance objectives and targets;

c) Put in place effective administrative structures, processes and systems;

d) Provide regular, thorough and prompt communication to the Board on key technical, financial and administrative matters;

e) Effectively represent the Corporation to stakeholders and enhance its public image; and

f) Promptly respond to Board member's requests for information.

3.12 CORPORATION SECRETARY

The Board should be assisted by a suitably qualified, competent and experienced Corporation Secretary. The Corporation Secretary should satisfy the requirements of Chapter Six of the Constitution on leadership and integrity and be a Certified Public Secretary in good professional standing.

The Board should empower the Corporation Secretary to efficiently and effectively execute his/ her duties and responsibilities.

The Board is responsible for the appointment and removal of the Corporation Secretary.

The principle duties of the Corporation Secretary are:-

(a) Providing guidance to the Board and Board members individually on their duties, responsibilities and powers and how these should be exercised in the best interests of the Corporation;

(b) Ensuring that board procedures are followed and reviewed regularly, and that the Board complies with the Law, rules and regulations;

(c) Assisting the Chairperson in organising Board activities, including providing information, preparing agenda, issuing notices and preparing for meetings, board evaluations and board development programs;

(d) Providing secretarial services to the Board including ensuring that the Board work plan is prepared and adhered to, circulating board papers in advance of the meeting, keeping a record of attendance at meetings, keeping safe custody of the seal and a record of its usage, and preparing the Board for annual general meetings;

(e) Ensuring that the minutes of the Board and Board committees are promptly prepared;

(f) Keeping the Board abreast of and informed on, current governance thinking and practice; and

(g) Coordinating the governance audit process.

3.13 RELATIONSHIP BETWEEN BOARD AND MANAGEMENT

The Board and Management should execute their mandate in an environment of mutual trust and respect having regard to the principles of good governance. In this regard, the Board shall provide clear and distinct lines of responsibility and accountability and maintain effective channels of communication.

3.14 BOARD PERFORMANCE

The Board will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the board evaluation tool provided by the relevant government body and any other tool developed by the Corporation.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO and Corporation Secretary.

3.15 REGULATION OF BOARD MEETINGS

3.15.1 Board Meetings

1. Meetings of the Board shall be held at least once every quarter each year and special meetings will be called as and when deemed necessary. The Corporation shall in each year hold a general meeting as its annual general meeting.

2. The Chairman shall preside at all meetings of the Board.

3. If the Chairman of the Board is not present at any Board meeting, the Directors present may choose one amongst themselves, other than the Managing Director, to act as Chairman.

4. A summary of all the resolutions made at any one meeting as well as matters whose deliberation has been deferred should be circulated to the Board members seven days after the Board meeting.

5. Board members will use their best endeavors to attend all Board meetings. Where a member is unable to attend a meeting, he/she will communicate through the Chairman or the Managing Director any concerns or issues he/she would wish considered.

6. Board members should prepare sufficiently and thoroughly for meetings by carefully considering Board papers and attachments thereto, and where necessary, seeking clarification.

7. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board meeting.

3.15.2 Board Agenda

The Board assigns the responsibility of agenda development to the Board Chairman, the Managing Director and the Corporation Secretary. The agenda shall be adopted by members at each Board meeting.

Material related to the agenda shall be provided to the Board members seven days prior to the meeting. In special circumstances, items may be brought before the Board with little or no advance notice. The Board shall determine whether or not to admit such items.

3.15.3 Quorum of the Board Meetings

The quorum for the conduct of business at a meeting of the Board including that of a Board Committee shall be two thirds of the total number of members personally present.

No business shall be transacted at any Board meeting unless a quorum is present at the time when the meeting proceeds to business.

3.16 BOARD COMMITTEES

The Board may create such committees as it deems necessary and may assign to such committees such authority, duty or responsibility as the Board may deem fit.

The Board committees will facilitate efficient decision making to assist the Board in the execution of its duties, powers and authority.

Delegating authority to Board committees or management does not in any way mitigate or dissipate the discharge by the Board of its duties and responsibilities.

There shall be transparency and full disclosure from the Board committees to the Board.

Board committees will observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise.

The Board may establish ad hoc Board Committees from time to time to consider matters of special importance or to exercise the delegated authority of the Board.

The Board's standing Committees shall be the following:

a) Audit Committee

The Committee shall assist the Board in fulfilling its corporate governance responsibilities, auditing, checking internal controls and such other responsibilities as will be clearly set out in the committee's charter.

b) Risk & Compliance Committee

The committee shall assist the Board in its risk management responsibilities and such other roles as will be set out in the committee's charter.

c) Human Resources & Nominations Committee

The Committee shall assist the Board in discharging its responsibilities with regard to staff, nominations to the Board and such other matters as will be set out in the committee's charter.

d) Finance and Strategy Committee

The Committee shall assist the Board in fulfilling its oversight responsibilities relating to the Corporation's management of finances, strategic direction and such other duties as will be clearly set out in the committee's charter.

3.16.1 Membership of Board Committees

Every committee shall have at least three non-executive directors and the quorum for a committee to transact business shall be 2/3 of the members.

3.16.2 Committee Meetings

The chairman of each committee will in consultation with management set the agenda and date of each committee meeting. Notices of such meeting will be sent to members in good time to allow members prepare for the meeting.

Management shall provide each committee with such information and documents as may be needed by the committee for it to discharge its mandate.

3.17 PROCEDURE OF MEETINGS

(a) Chairing of Meetings

Board meetings shall be chaired by the Chairperson of the Board or in the case of a committee meeting, the Chairperson of that Committee. In the absence of the Chairperson, one of the Board members designated by the Board members present at the meeting, will chair.

(b) Constitution of the Meeting

The Board meeting will be constituted in accordance with constitutive documents of the organisation and shall include a confirmation that there is quorum for the meeting to proceed and recording of attendance.

(c) Protocol of Board Meetings

The Chairperson, having ensured that the meeting is properly constituted, will also ensure that at an appropriate time during the meeting, the minutes of the previous meeting are confirmed and matters arising therefrom handled.

A special meeting of the Board or Board Committee will not discuss any matter other than that specified in the agenda.

The conduct of Board meetings may also be undertaken through tele/video conferencing, in the case where some of the participants will not be physically present. The following guiding principles shall apply:

1. The Corporation Secretary should ensure that the constitutive documents of the Corporation allow for tele/video conferencing;
2. The Corporation Secretary shall ensure that the necessary arrangements are in place to facilitate effective and secure communication during the meeting;
3. On sending out the notice of the meeting, the Corporation Secretary shall also confirm whether each Board member or participant will attend physically or though tele/video conferencing;
4. At the start of the scheduled meeting and for the purpose of confirming quorum, a record of attendance shall be taken during which each Board member or participant will clearly state, for the record, their full name, location, type of device being used and give confirmation that they can clearly hear the others;
5. All Board members or participants shall identify themselves for the record before speaking and must confirm that they can clearly hear and/or see each other in the course of the meeting;
6. If a statement of a Board member or participant on the meeting via tele/video conferencing is interrupted or garbled, the Chairperson shall request for a repeat or reiteration;
7. The Chairperson should ensure that resolutions are clarified for record purposes; and

8. The Chairperson should ensure that the agenda is suitable for tele/video conferencing.

   The maximum number of meetings a member can attend by video or tele-conferencing in a year is two.

(d) Decision-Making

The Board members, with the guidance of the Chairperson, should work towards unanimous adoption of resolutions. However, Board members are entitled to voice dissenting opinions and have these recorded in the minutes when unanimity cannot be reached.

Resolutions of the Board will be made at Board meetings or approved in writing by circulation, provided that in respect to the latter the proposed resolution is submitted to all Board members and none of them objects to this form of adoption. Approval of resolutions by circulation shall be effected in writing by all Board members. Objection to this method of adoption or to the proposed resolution should also be in writing.

(e) Resolutions and Minutes

Minutes must be drawn for every Board and committee meeting. The minutes should be circulated to the Chairman and CEO as soon as possible after the meeting. Within seven days after the meeting, resolutions from the meeting should be drawn up for management to implement. Urgent resolutions may be drawn up and signed immediately in the relevant meeting.

Upon confirmation, the minutes should be signed by the Chairperson and added to the records of the Corporation. Substantial corrections to previous minutes will be recorded in the minutes of the meeting where the corrections are made and adopted by the Board members.

(f) Implementation of Resolutions

The Board delegates to the CEO responsibility to implement the resolutions of the Board. The CEO may delegate some of these responsibilities to senior management. The Board is responsible for monitoring the implementation of the resolutions.

3.18 LIABILITY OF BOARD MEMBERS

A Board member shall not be liable for any act done in good faith in carrying out duties and responsibilities in the Corporation. However, there is no limitation of liability for negligence or breach of the member's duty of care to the Corporation or its stakeholders, or for acts or omissions not in good faith, or which involve intentional misconduct or violation of the law.

4. CONFLICT OF INTEREST

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Corporation. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Corporation Secretary should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

5. NOTICE OF OTHER DIRECTORSHIPS

Board members should carefully consider the number of other boards on which they can serve, consistent with the time and energy necessary to satisfy the requirements of

the Corporation provided that a Board member shall not serve in more than two boards of State Corporations concurrently.

Board members should notify the Board through the Chairman timeously before accepting an invitation to serve on the board of another public body. This prior notice will allow discussion with the Chairperson of the Board on whether such other service will interfere with the Board member's service on the Corporation's Board, impact the board member's independence, or create an actual or apparent conflict of interest for the Board member.

6. BOARD MEMBERS ACCESS TO EMPLOYEES

Board members should have full and free access to employees of the Corporation but such access should be arranged through the CEO or Corporation Secretary. The Board members will exercise their judgment to ensure that any such access does not disrupt the operations of the Corporation.

7. BOARD INDUCTION AND CONTINUOUS SKILLS DEVELOPMENT

The Board will provide new Board members with an effective induction program in order to familiarize them with their responsibilities as directors, general principles of corporate governance and Board practices. The induction program will also provide the Board member with an orientation of the Corporation, strategic plans, financial status and policies, risk management, compliance programs and the Code of Conduct and Ethics.

The Board will ensure that a competence needs assessment is carried out periodically and an annual development plan prepared to address identified gaps. In this regard, Board members will be provided with access to, or notice of, continuing development programs that are designed to keep members abreast of the latest developments in sector best practice, corporate governance and critical issues relating to the operation of public sector boards.

The Board will satisfy itself that its members are up-to-date with continuous professional development in their respective professional bodies.

8. BOARD REMUNERATION

Board members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include directors' fees, attendance allowances and such other allowances as may be approved by the relevant authority from time to time.

9. BOARD AND MANAGEMENT SUCCESSION

The Board will put in place a succession plan for both the Board and management and review the same regularly.

10. GOVERNANCE AUDIT

The Board should ensure that a governance audit of the Corporation is undertaken once every three years. The purpose of the governance audit is to ensure that the Corporation conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

(a) Leadership and strategic management;

(b) Transparency and Disclosure;

(c) Communication with stakeholders;

(d) Board independence and governance;

(e) Board systems and procedures;

(f) Consistent shareholder and stakeholders' value enhancement; and

(g) Corporate social responsibility and investment.

11. RIGHT TO INFORMATION

Directors shall have access to all information concerning the Corporation necessary to enable them fulfil their role. The Managing Director shall ensure all the necessary information is packaged appropriately and availed.

12. INDEPENDENT ADVISORS

Board members may individually and collectively seek independent advice in connection with their duties in the Corporation as and when required. Independent professional advice for the purposes of this Charter shall include legal advice, advice on matters of governance, the advice of accountants and other professional financial advisors on matters of law, accounting and other regulatory matters but shall exclude advice concerning the personal interest of the director concerned, such as matters relating to their appointment or disputes with the Corporation.

13. INTERACTION WITH STAKEHOLDERS

The Chairman and the Managing Director will represent the Board in interactions with the media, Government, stakeholders and the general public.

14. REVIEW

The Board shall review and revise this Charter from time to time as and when the same becomes necessary and in any event not later than once every two years.