

EAST AFRICAN BREWERIES LIMITED

BOARD CHARTER

1 Introduction

- 1.1 East African Breweries Limited (the “Company”) is a public limited company incorporated in the Republic of Kenya under the Companies Act (Chapter 486 now repealed and replaced by the New Companies Act 2015) and listed on the Nairobi Securities Exchange, the Uganda Securities Exchange and the Dar es Salaam Stock Exchange.
- 1.2 The Board of directors of East African Breweries Limited (the “Board”) is committed to the highest standards of corporate governance.
- 1.3 The principal corporate governance guidelines and regulations applying to the Company are the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the “Corporate Governance Code”) and the Capital Markets (Licensing Requirements)(General)(Amendment) Regulations, 2016 (the “Corporate Governance Regulations”) as issued by the Capital Markets Authority .
- 1.4 The Board has developed this board charter (the “Board Charter”) in order to document its corporate governance practices and principles, in recognition of the role of good governance in corporate performance, maximisation of shareholder value and protection of investors’ rights, and also to promote the Company’s standards of self-regulation.
- 1.5 Corporate governance, for the purpose of this Board Charter, is defined as the process and structure used to direct and manage business affairs of the Company towards enhancing prosperity and corporate accounting with the ultimate objective of realising shareholders’ long-term value while taking into account the interest of other stakeholders.
- 1.6 This Board Charter is supplementary to and, in the event of any inconsistency, shall not supersede the Corporate Governance Code and the rights and obligations of the Company, the Board and individual directors of the Company as established in law.
- 1.7 This Board Charter was initially approved on 17th September, 2013. Any amendments to this Board Charter require approval of the Board.

2 **Board Composition and Diversity**

- 2.1 The Board shall comprise a balance of independent, executive and non-executive directors with diverse skills, experience, independence and knowledge sufficient to enable the Board to discharge effectively its responsibilities for governance of the Company, including setting the Company's strategic aims and its values, providing the leadership to put them into effect, supervising and constructively challenging the Company's management who are responsible for the day to day operational running of the business, and reporting to shareholders and investors.
- 2.2 The Board believes that this diverse mix of skills and business experience is a major contributor to the proper functioning of the Board and the Board Committees, ensuring that matters are adequately debated and that no individual or group dominates the Board's decision-making processes.
- 2.3 The process of the appointment of directors should be sensitive to gender representation, age, regional and national outlook and should not be perceived to represent single or narrow community interest.
- 2.4 The Board shall neither be too large so as to undermine interactive discussion during board meetings, nor too small such that the inclusion of a wider expertise and skills to improve the effectiveness of the board would be compromised.
- 2.5 There shall be a clear separation of the roles of the Chairperson of the Board (the "Chairperson") and the group managing director of the Company (the "Group Managing Director" or "GMD"). The Chairperson is responsible for the leadership of the Board and for ensuring all directors are fully informed of matters sufficient to make informed judgments. The Group Managing Director is responsible for implementing the strategy agreed by the Board and for managing the group. He is supported in this role by the executive committee. Further details on the separation of roles of the Chairperson and the Group Managing Director are set out in Appendix 1 to this Board Charter.
- 2.6 Independent Non-Executive Directors (INEDs) shall form at least one third of the membership of the Board, and may serve for a period of 9 years after which they cease being Independent.
- 2.7 The INEDs have a particular responsibility for ensuring that business strategies and operations are fully discussed and critically reviewed. This enables directors to promote the success of the Company for the benefit of its shareholders as a whole. In so doing, it is appropriate for the directors to have regard to such matters as the interests of the Company's employees, the fostering of business relationships with customers, suppliers and other stakeholders, and the impact of the Company on the environment and communities in which the business operates.

- 2.8 An important part of the role of INEDs is to ensure that high standards of integrity and probity are upheld, and to support the Chairperson and Executive Directors in instilling the appropriate culture, values and behaviour in the boardroom and within the Company.
- 2.9 The Board shall have Executive Directors who understand every single risk and/or product associated with the Company and shall have knowledge of the manner in which the Group's long term strategy is pursued in practice and have an ability to influence its policies; and effectively direct the business of the Company.

3 **Activities of the Board**

- 3.1 The Board has a primary responsibility of fostering the long-term business of the Company consistent with the directors' fiduciary duties. Each director shall accord sufficient time to his role and act consistently on a fully informed basis in accordance with his fiduciary duties.
- 3.2 It is the Board's responsibility to make decisions and to review and approve decisions of the Company, including in relation to:
- the strategic direction for the Company;
 - significant business development, financing and corporate transactions;
 - appropriate controls and governance over the Company and its operations, including through operation of the Company's statement of authorities;
 - appropriate risk management of the Company, including compliance with laws, regulations and the Company's code of business conduct;
 - appointment or removal of directors and the company secretary;
 - proper financial reporting and audit; and
 - corporate social responsibility and sustainability, ethics and environmental stewardship.
- 3.3 The Board shall establish and review on a regular basis the adequacy and integrity of the company's internal control systems and the management of information systems, including compliance with applicable laws, regulations, rules and guidelines. The board shall also review on a regular basis, reports from the subsidiary boards.
- 3.4 It is the responsibility of the Chairperson, the Group Managing Director and the Company Secretary to work closely together in planning the annual programme and agendas for meetings of the Board which are held at least quarterly.
- 3.5 The Board shall establish relevant Board Committees and delegate specific mandates to such committees as appropriate. The Committees shall report to the board on a regular basis. There are currently three standing Board Committees, whose terms of reference are set out in Appendices 2, 3, and 4 respectively. The Board may establish other committees and has constituted a standing Board Investment Committee to be meeting on an Ad hoc basis and whose terms of reference are set out in Appendix 5:
- Board Corporate Governance Committee – Appendix 2;
 - Board Audit and Risk Management Committee – Appendix 3;

- Board Nominations and Remuneration Committee – Appendix 4.
- Board Investment Committee – Appendix 5.

3.6 The Board Corporate Governance Committee is responsible for monitoring and reviewing the adherence and compliance by the Company to the principles and requirements of good corporate governance and business ethics. The Committee is also responsible for ensuring an annual board evaluation is conducted for evaluating the performance of the Board, Board Committee's, Individual Directors, Group Managing Director and the Company Secretary.

3.7 The Board Audit and Risk Management Committee is responsible for monitoring and reviewing the integrity of the financial statements, the effectiveness of the Company's internal control and risk management processes, the transparency of the internal audit function, the efficiency of the Company's procedures for handling whistle blowing allegations and the effectiveness of the external auditor.

3.8 The Board Nominations and Remuneration Committee is responsible for:

- Reviewing succession planning within the Board, identifying and nominating suitable candidates to fill vacancies on the Group Board, Subsidiary Boards and the Board Committees as and when they arise; and
- Reviewing and recommending to the Board the remuneration of INEDs, management and staff incentive schemes, amongst other matters relating to employee terms and conditions of employment.

3.9 The Board Investment Committee shall be responsible for:

- Putting in place a strategy on how the company shall invest in the business and its subsidiaries;
- Reviewing and interrogating any investments or divestments that would have an impact on the company's balance sheet;
- Ensuring the necessary due diligence is conducted before any investments are made by the company or its subsidiaries.

3.10 The Company Secretary:

The Board shall have the power to appoint or remove the Company Secretary. The Company Secretary shall be the de facto secretary of the Board or any Board Committee. The duties of the Company Secretary shall include:

- a) Providing guidance to the Board on its duties, responsibilities and on other matters of governance;
- b) Coordinating the governance audit process;
- c) Assisting the Board with the board evaluation exercise;
- d) Maintaining and updating statutory registers;
- e) Facilitating effective communication between the Company and its shareholders;
- f) facilitating the smooth operation of the Group's formal decision-making and reporting machinery;
- g) Developing work plans for the Board and Board Committees;
- h) Ensuring that the board complies with the mandatory Corporate Governance training requirements annually;
- i) organising Board and Board Committee meetings;
- j) formulating meeting agendas with the Chairperson and/or the Group Managing Director and advising management on content and organisation of memoranda or presentations for the meetings;
- k) collecting, organising and distributing information, documents or other papers required for the meeting;
- l) ensuring that all meetings are minuted, that the minutes of all meetings are circulated and that the minute books are properly maintained. The minutes of the meetings will be considered at the next meeting, approved and signed by the Chairperson & Secretary of the meeting;
- m) advising on legal and regulatory matters during meetings; and
- n) ensuring that all Board Committees are properly constituted and provided with clear Terms of Reference.

4 **Outside Interests, Disclosures and Conflicts**

- 4.1 On appointment to the Board and on an annual basis thereafter, each director is required to disclose to the Chairperson and the Company Secretary (a) any significant commitment which he has and which may impede his ability to devote appropriate time to his role as director of the Company, (b) details of any other company of which he is a director, (c) details of any actual or potential conflict of interest which he is aware of, and (d) details of any interests in shares or securities in the Company or any of its subsidiaries which he may have.
- 4.2 Each director is required to disclose to the Chairperson and the Company Secretary, as appropriate, any matter which may give rise to a potential or actual conflict with the interests of the Company as soon as practicable after becoming aware of the matter. The Board authorises the Chairperson and the Company Secretary to receive such disclosures on behalf of the Board and to make recommendations to the Board as to how to address the relevant matter, including whether it should be authorised by the Board or whether the director making the disclosure should refrain from participating in discussions or voting on the relevant matter.
- 4.3 Each director is required to be familiar with the Company's code of business conduct and associated policies and standards, as they are relevant to his role. In particular, each director will comply with the provisions relating to anti-bribery and corruption (as set out in the Company's Anti-Money Laundering and Bribery and Anti-corruption Policies) and to insider dealing (as set out in the Company's Dealings in Securities Code).
- 4.4 Directors shall maintain the highest standards of confidentiality of information obtained during the course of service to the Company. This includes ensuring that confidential information regarding customers, employees, suppliers, and security operations is communicated on a "need to know" basis only and is used solely for the Company's purposes and not as a basis for making a profit or furthering a private interest.

5 **Rights of directors**

- 5.1 The terms of appointment of a non-executive director shall be set out in an engagement letter or contract between the Company and the director.
- 5.2 Each director shall undergo an induction programme on appointment, including meeting with executive committee members and receiving orientation training in relation to the Company and its business, including a detailed briefing on relevant requirements of the Company's code of business conduct and associated policies and standards.
- 5.3 The Chairperson shall regularly review and agree with each director what specific training and development requirements he/she has. All directors are provided with the opportunity and are encouraged to attend periodic training to ensure that they are kept up to date on relevant legal developments or changes in best practice and changing commercial or other risks.
- 5.4 Each director is entitled to request and receive advice from the Company Secretary who is responsible for advising the Board, on all governance issues concerning the Board and its procedures.
- 5.5 In the event that any concern expressed by a director during a Board meeting cannot be resolved, he may require that his concern is recorded by the Company Secretary in the minutes of the meeting.
- 5.6 In the event that a director resigns from the Board, he may demand that the Chairperson or the Company Secretary circulates to all other directors a written statement of the resigning director detailing the reasons for his resignation.

6 **Duties of Directors**

- 6.1 Director's duties are as established by law and comprise the following;
- a) To act within their powers - to abide by the terms of the company's memorandum and articles of association and decisions made by the shareholders;
 - b) To promote the success of the company - directors must continue to act in a way that benefits the shareholders as a whole while having regard to:
 - i. The long term consequences of decisions
 - ii. The interests of employees
 - iii. The impact on the community and the environment
 - iv. The desire to maintain a reputation for high standards of business conduct
 - v. The need to act fairly as between members.

- c) To exercise independent judgment - directors must not fetter their discretion to act, other than pursuant to an agreement entered into by the company or in a way authorised by the company's articles;
- d) To exercise reasonable care, skill and diligence - this must be exercised to the standard expected of
 - i. Someone with the general knowledge, skill and experience reasonably expected of a person carrying out the functions of the director (the objective test) and also
 - ii. The actual knowledge, skill and experience of that particular director (the subjective test);
- e) To avoid conflicts of interest;
- f) Not to accept benefits from third parties; and
- g) To declare an interest in a transaction with the company to the other directors.

All directors are equally accountable for the proper stewardship of the Company's affairs.

- 6.2 A director who ceases to hold such office continues to be subject to the duty to avoid conflict of interest with regard to the exploitation of any property, information or opportunity that the person became aware of while a director, and not to accept benefits from third parties with regards to things done or omitted to be done by that person before ceasing to be a director.

7 **Other**

- 7.1 All directors except the Group Managing Director must submit themselves for re-election at regular intervals or at least every three (3) years.
- 7.2 Directors approaching their seventieth (70th) birthday are required to disclose such matter to the Board that respective year, for the purpose of disclosure of such matter to the shareholders at the annual general meeting and in the annual report.
- 7.3 To ensure effective participation in the Board, the Chairperson shall not hold such position in more than two (2) public listed companies at any one time while individual directors may not hold such position in more than [three (3)] public listed companies at any one time and, in the case where a corporate director has appointed an alternate director, the appointment of such alternate shall be restricted to two public listed companies.

8. **Miscellaneous**

- 8.1 Reference to any legislative instruments or Company documents (Act, Codes, Guidelines etc) shall include reference to any subsequent amendments as may be made from time to time.
- 8.2 Reference to he shall include reference to the female gender and vice-versa.

Schedule of Board Charter Reviews:

Date	Action Taken
17/9/2013	Board Charter approved and adopted by the board.
17/7/2015	Board Charter reviewed by the Board Corporate Governance Committee
30/7/2015	Revised board charter approved and adopted by the board
15/4/2016	Board Charter reviewed by the Board Corporate Governance Committee
26/4/2016	Revised board charter approved and adopted by the board
12/4/2017	Board Charter reviewed by the Board Corporate Governance Committee
18/5/2017	Revised board charter approved and adopted by the board
16/4/2018	Board Charter reviewed by the Board Corporate Governance Committee
24/4/2018	Revised board charter approved and adopted by the board.
9/05/2019	Revised board charter approved and adopted by the board.
29/07/2020	Board charter approved and adopted by the board.

APPENDIX 1

Main duties and responsibilities of the Chairperson and Group Managing Director

<u>CHAIRPERSON</u>	<u>GROUP MANAGING DIRECTOR</u>
<i>Main duties and responsibilities</i>	
Leadership of the Board and ensuring its effectiveness on all aspects of its role.	Leadership of the executive directors and senior executive team in the day to day running of the business of the Company.
<p>Ensure that the Board and its Committees operate effectively, including ensuring that the Board as a whole plays a full and constructive part in the review and approval of the Company's corporate vision and strategy and short and long term financial objectives and plans to achieve them, as developed by the GMD.</p> <p>Ensure that Board agendas take full account of the important issues facing the Company and the concerns of all Board members (with an emphasis on strategic, rather than routine, issues).</p>	<p>Develop for review and approval by the Board: a corporate vision and strategy with the explicit aim of maximizing shareholder value; and short and long term financial objectives, and plans to achieve them.</p> <p>Implement the approved corporate vision and strategy and achieve the approved financial objectives. Monitor day-to-day business performance and take corrective action where needed.</p> <p>Ensuring appropriate objectives, policies and strategies are adopted for each division of the Company that appropriate budgets are set for them individually, that their performance is effectively monitored, that guidance or direction is given where appropriate, and that guidance is given to the Company's subsidiaries as to the policy favoured by the Company as the principal shareholder.</p>
Build an effective and complementary Board, by leading on issues of director development, including induction and regular reviews, as well as implementing a programme of regular board performance assessment.	Ensure the quality of management and leadership within the Company and formalising the roles and responsibilities of the senior executive team, including clear delegation of authorities.

Ensuring effective processes are established relating to succession planning and the composition of the board, having regard to the benefits of diversity.	
Consulting the Nominations and Remuneration Committee on candidates for appointment, removal or retirement as directors of the company.	Making recommendations to the Nominations and Remuneration Committee on the role and capabilities required in respect of the appointment of directors.
Encouraging the active engagement of all Board members in Board and Committee meetings, drawing fully on their skills, experience, knowledge and, where appropriate, independence.	Encouraging directors to express their views frankly and challenge constructively in order to improve the standard of discussion in the boardroom.
Encouraging periodical performance evaluation of the Board and acting on the results of such evaluation.	Motivating, reviewing and appraising the performance of the other executive directors and making appropriate recommendations to the Nominations and Remuneration Committee on remuneration policy and specific remuneration packages and terms of employment of the senior executive team.
Monitoring progress towards the timely and effective achievement and implementation of the objectives, policies and strategies for the Company, including the business plan and financial objectives.	Nurture and develop the Company's brand and product portfolio, and implement a business plan and programme in line with the approved strategy and financial objectives.
Set the agenda for the Board and ensure that the Board receives accurate, timely and clear information on: the Company's performance; the issues, challenges and opportunities facing the Company; significant risks the Company is willing to embrace in its strategy; and matters reserved to it for decision.	Ensure that the Board and Board Committees are provided in a timely fashion with information in a form and of a quality appropriate to enable them to discharge their duties. Communicate the decisions of the Board and Board Committees as appropriate, and ensure proper implementation.
Ensure compliance with the Board's approved procedures, including each Board Committee's Terms of Reference.	Develop and maintain the policies and systems needed to ensure optimal business performance in line with the approved strategy (where

	appropriate for review and approval by the Board). In particular, maintain an effective system of internal control and risk management.
Ensure that there is effective communication by the Company with its shareholders, including by the GMD, Group Finance & Strategy Director (“GFD’) and other executive management, and ensuring that members of the Board develop an understanding of the views of the major investors in the Company.	Together with the GFD and other executive management, manage relationships with the Company’s shareholders, the financial community and other external parties.
Participating with the Group Managing Director, as appropriate, in public relations, including ensuring effective communications with other companies, organisations and bodies (including regulatory and policy makers), the media and the public generally.	Being responsible, with the participation of the Chairperson, as appropriate, for public relations, relations with other companies, organisations and bodies, the media and the public generally.
Promote the highest standards of integrity, probity and corporate governance and set clear expectations concerning around culture, values and behaviours throughout the Company and particularly at Board level.	Promote and conduct the affairs of the Company with the highest standards of integrity, probity and corporate governance. Set an example to the Company’s employees and communicate to them the expectations of the Board in relation to the Company’s culture, values and behaviours.
<u>Reporting lines</u>	
The Chairperson reports to the Board.	The Group Managing Director reports to the Chairperson (acting on behalf of the Board) and to the President, Diageo Africa.

